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From wage employment to agency: Role of MGNREGA in financial inclusion and intra-household decision-making for women in Krishnagiri and Dindigul districts, Tamil Nadu

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Abstract

Formal financial inclusion is often treated as a proxy for women's economic agency. This paper interrogates that assumption by tracing the full pathway from bank account ownership to substantive control over earnings and household decision-making among women beneficiaries of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in Tamil Nadu. It draws on a convergent mixed-methods design: a structured survey of 360 women beneficiaries across eight blocks of Krishnagiri and Dindigul districts, eight focus group discussions, and sixteen key informant interviews with implementation officials from Block Development Officers to worksite Mates. Formal inclusion is complete — every respondent held an individual bank account, and 88.6 per cent operated it independently — yet substantive control is layered: 70.6 per cent controlled their wages entirely, falling to 49.7 per cent in Krishnagiri, and women's independent decision-making remains concentrated in everyday expenses (73.1 per cent) rather than savings, assets, or education. Over the participation period, women reporting themselves as primary financial decision-maker rose from 48.6 to 56.1 per cent while husband-only control fell from 26.7 to 13.6 per cent. Qualitative evidence reveals the mechanisms — wage credit alerts on women's own phones, SHG-mediated thrift, and negotiated “discuss jointly, decide alone” arrangements — as well as the frictions: wage delays of 30 days to six months, biometric authentication failures among older workers, a digital divide that re-inserts intermediaries, and, in one official's frank counter-assessment, family capture of up to 40 per cent of women's wages. SHG membership significantly raises savings behaviour (56.7 vs. 40.4 per cent; $p < 0.01$) and social empowerment, confirming a strong SHG–MGNREGA nexus. The paper argues that DBT architecture creates the conditions for agency but does not guarantee it, and proposes design changes — delay compensation, assisted-authentication camps, worksite financial literacy, and SHG convergence — to convert inclusion into control.

Keywords: MGNREGA, financial inclusion, direct benefit transfer, intra-household decision-making, self-help groups, women's agency, Tamil Nadu

1. Introduction

When MGNREGA wages moved to Direct Benefit Transfer (DBT) into individual bank accounts, the reform carried an implicit theory of change: money paid into a woman's own account is money she controls, and money she controls translates into voice within the household. This paper tests each link of that chain. Financial inclusion has three analytically distinct layers — access (owning an account), use (operating it), and control (deciding what the money does). Conflating the risks of mistaking near-Universal account ownership, which India has largely achieved for economic agency and remains contested terrain inside the household. Tamil Nadu offers a demanding test. Women constitute over 80 per cent of the state's MGNREGA workforce, DBT coverage is effectively complete, and the state's dense self-help group (SHG) infrastructure provides an institutional complement found in few other states. If the access-to-agency chain holds anywhere, it should hold here. Drawing on survey data from 360 women beneficiaries in

Krishnagiri and Dindigul districts, triangulated with focus group discussions in eight blocks and key informant interviews spanning the implementation hierarchy, this paper asks: how far down the chain from account to agency has MGNREGA actually carried its women workers — and what breaks the chain where it breaks?

2. Review of Literature

The financial-inclusion strand of MGNREGA scholarship began with Kundu (2013) ^[7], who evaluated the programme as a mass banking on-ramp for the rural poor. Meera *et al.* (2016) ^[8] constructed a financial inclusion index for MGNREGS beneficiaries in Virudhunagar district, and Varghese (2017) ^[16] assessed inclusion drives among women beneficiaries in Kottayam, both finding access outrunning use. Sabherwal *et al.* (2019) ^[11] examined DBT specifically as a channel for transferring benefits to women, cautioning that account ownership does not settle the question of control — a caution echoed internationally by Zelu *et al.* (2024) ^[18]

for Ghana and by Sakyi-Nyarko *et al.* (2022) ^[12], who document gender-differential effects of inclusion on household financial resilience. Bano (2025) ^[1] and Joshi (2025) ^[6] provide recent Indian evidence that DBT deepens inclusion while leaving last-mile frictions — authentication failure, dormancy, and mediated withdrawal — unresolved. Sivamoorthy (2023) ^[14] found meaningful financial independence among married women MGNREGA beneficiaries in Kerala, while Priya (2024) ^[10] linked MGNREGA and SHG programmes to women's economic empowerment in Tamil Nadu.

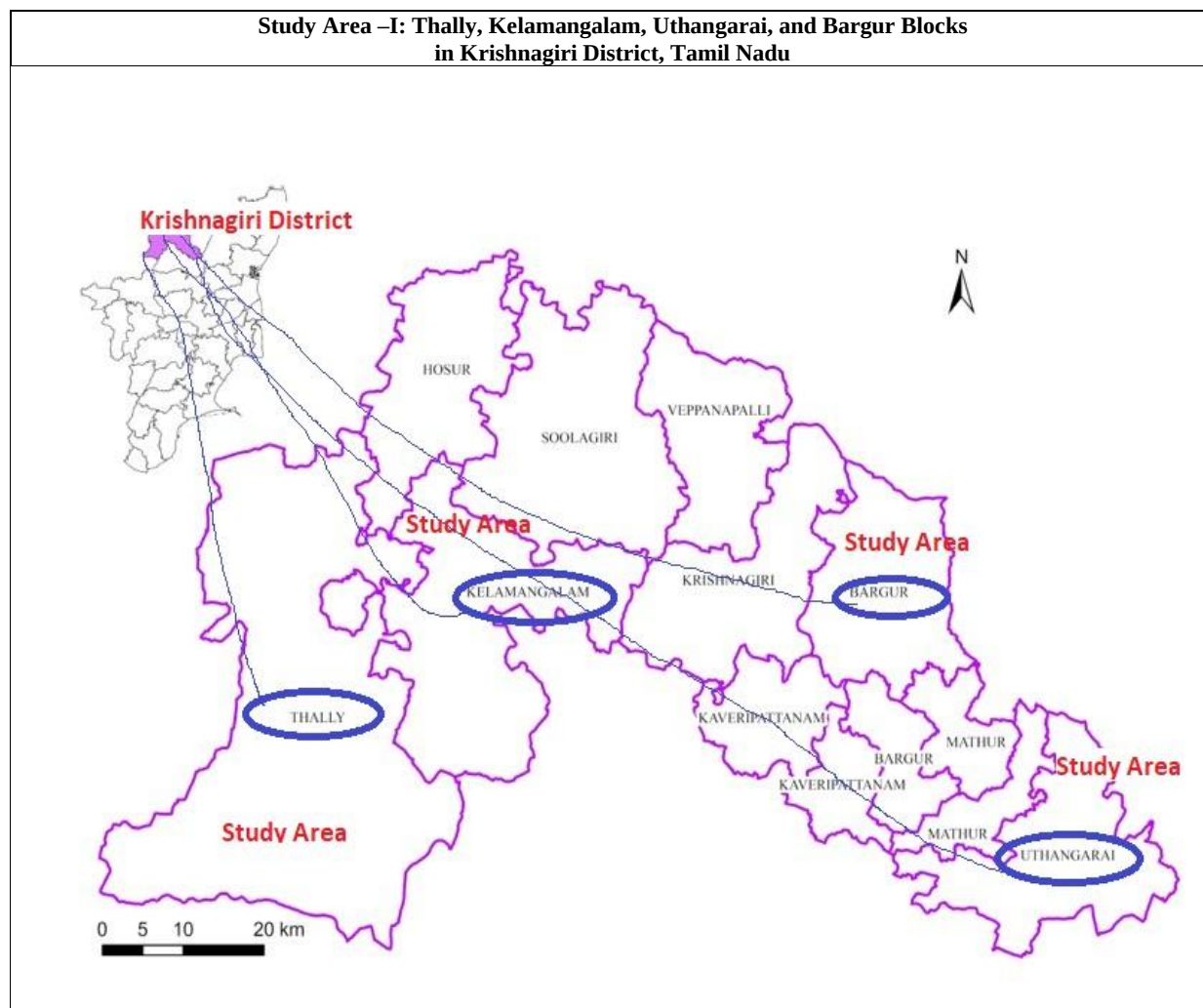
On intra-household decision-making, Mishra *et al.* (2023) ^[9] asked pointedly whether Indian women are empowered by MGNREGA participation, finding gains concentrated in routine expenditure decisions; Tripathi *et al.* (2018) ^[15] assessed how daily-waged women actually utilise MGNREGA income; and Zaidi *et al.* (2023) ^[17] argued for making the scheme more care-responsive if its empowerment effects are to deepen. The SHG nexus is documented by Ghosh *et al.* (2015) ^[5], Dheepa *et al.* (2016) ^[3], Finnis (2017) ^[4], Senthilkumar *et al.* (2020) ^[13], and Dhaneesh *et al.* (2022) ^[2], who collectively establish group membership as a multiplier of both thrift and voice. What remains scarce is work that traces the full access–use–control–decision chain within one study, combines beneficiary and official perspectives, and does so comparatively across districts. This paper attempts precisely that.

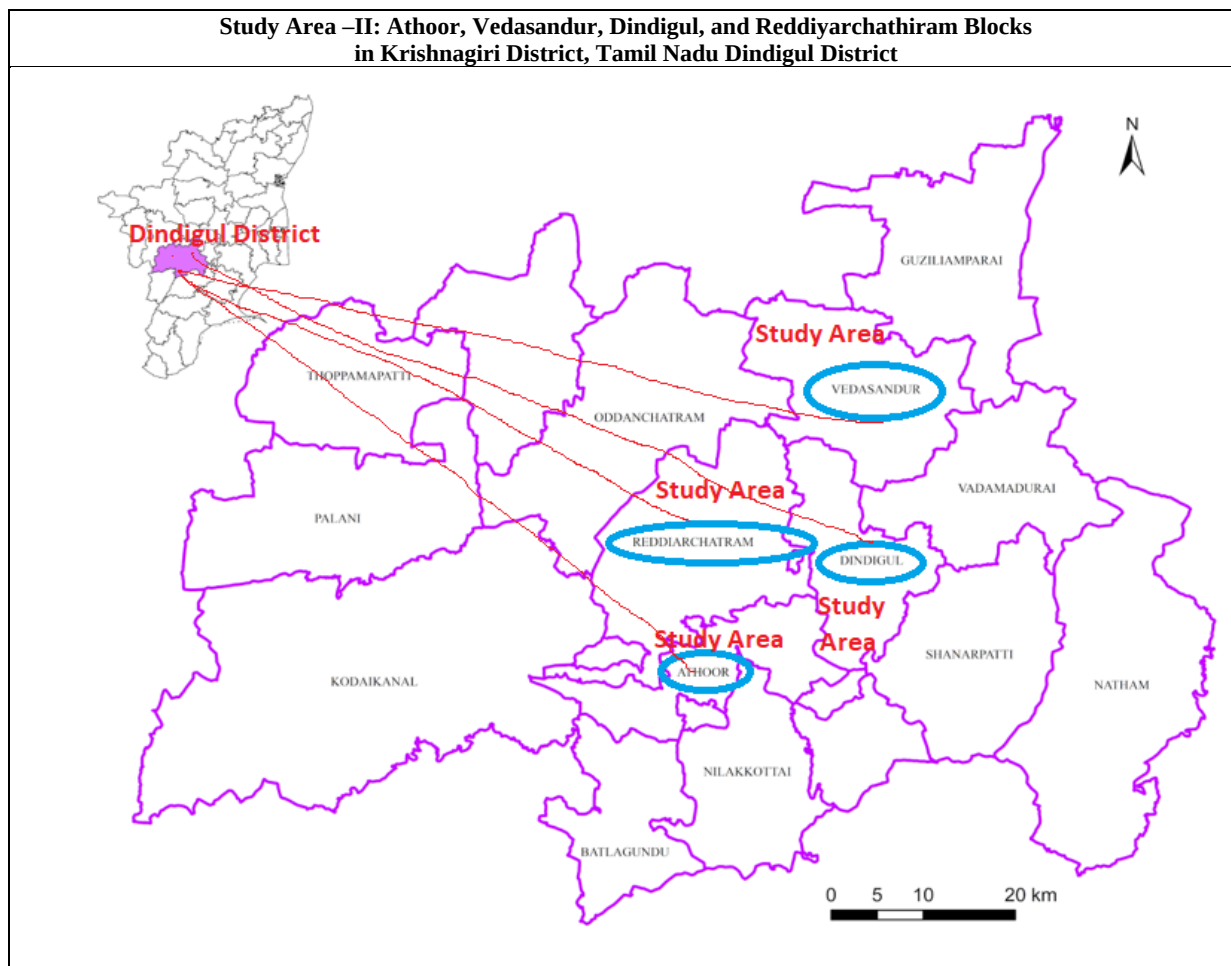
3. Objectives of the Study

1. To examine the depth of women's financial inclusion under MGNREGA — from account ownership through independent operation to substantive control over wages.
2. To analyse changes in intra-household financial decision-making associated with sustained MGNREGA participation, including the domains in which women's independent decision-making operates.
3. To identify the institutional and technological frictions — payment delays, authentication failures, and digital mediation — that attenuate the inclusion-to-agency pathway.
4. To assess the role of the SHG–MGNREGA nexus in converting wage income into savings, thrift, and voice.

4. Methodology

The study employs a convergent mixed-methods design in Krishnagiri and Dindigul districts of Tamil Nadu. The quantitative component is a structured interview survey of 360 women MGNREGA beneficiaries (180 per district), selected through multi-stage sampling: four blocks per district chosen to span agro-ecological and labour-market diversity (Thally, Kelamangalam, Uthangarai, and Bargur in Krishnagiri; Athoor, Veda sandur, Dindigul, and Reddiyarchathiram in Dindigul), three Gram Panchayats per block, and fifteen beneficiaries per Panchayat. The 55-item schedule was administered in Tamil during 2024–25.





The qualitative component comprises eight focus group discussions (one per block, ten participants each, following a five-theme guide; on systematic comparison three of the four Dindigul transcripts showed substantial convergence in recorded responses and are used corroboratively rather than as independent evidence) and sixteen key informant interviews using a six-module protocol, spanning the implementation hierarchy: Block Development Officers, an Assistant Project Officer, Assistant Engineers, an Overseer, Panchayat Secretaries, Makkal Nala Paniyalar, computer and data-entry operators, and worksite Mates. Survey administration and focus group discussions were completed during 2024–25; key informant interviews extended into early 2026, several being conducted after preliminary examination of the survey returns so that questions put to functionaries could be informed by emerging patterns. FGD and KII transcripts were recorded in Tamil, translated, and thematically coded. Findings are triangulated: survey estimates establish prevalence; FGD narratives supply mechanism; official interviews supply the implementation view — including, importantly, where officials disagree with the beneficiary narrative. All monetary figures are reported in rupees; statistical comparisons use chi-square and t-tests as appropriate.

5. Findings and Discussion

5.1 Access Is Complete; Use Is Nearly So

The first layer of inclusion is settled: all 360 respondents (100 per cent) held an individual bank account into which MGNREGA wages are credited, and awareness of the DBT

mechanism was high (59.4 per cent fully aware, 26.7 per cent partially). The second layer follows closely: 88.6 per cent of women operated their account always independently, 9.4 per cent with occasional help, and only 1.9 per cent reported that a family member operates it for them. Direct transaction problems were rare (6.7 per cent). Use, however, is shallow in frequency: 41.1 per cent access the account only when wages are credited and a further 45.6 per cent about once a month — the account functions overwhelmingly as a wage-receipt conduit rather than a transactional instrument. Focus group narratives capture the credit-alert moment as the pivot of ownership:

“When the wage arrives, a message comes to my phone. When I receive it, I decide how it can be used.”

— FGD participant, Kelamangalam block, Krishnagiri

The instrument of that notification is itself frequently a product of the wage. The mobile telephone was the most commonly acquired asset in the survey, purchased from scheme earnings by 28.4 per cent of respondents overall and 44.3 per cent in Krishnagiri — so that for a substantial minority the device on which a woman independently learns that her money has arrived was bought with money the scheme had previously paid her.

“I myself maintain my bank account. I decide on spending the wage.”

— FGD participant, Bargur block, Krishnagiri

5.2 Control: The Third Layer Thins

Substantive control is where the chain visibly thins — and where district context asserts itself. Pooled, 70.6 per cent of

women control their wages entirely; but this masks a gulf between Dindigul (92.2 per cent) and Krishnagiri (49.7 per cent), where one woman in five reports that her husband controls the wages outright (Table 1 & Figure 1).

Table 1: Control Over MGNREGA Wages, by District

Who controls the wages?	Krishnagiri (%)	Dindigul (%)	Pooled (%)
Respondent controls entirely	49.7	92.2	70.6
Controls with husband's knowledge	26.0	7.8	16.7
Husband controls	20.9	0.0	10.3
Other family member controls	3.4	0.0	1.7

Source: Primary survey, 2024–25 (n = 357 responding). District difference: $\chi^2 = 84.0$, $p < 0.001$.

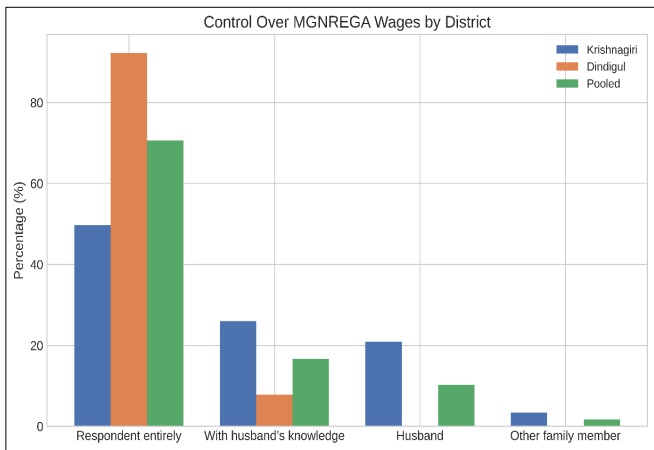


Fig 1: Control over MGNREGA Wages, by District

The pattern inverts the districts’ standing on other empowerment dimensions and is consistent with composition: Dindigul’s beneficiaries are older (mean 49.5 vs. 41.6 years), more often heads of financially settled households, and more reliant on MGNREGA as the primary income, all of which strengthen the earner’s claim over her earnings. Self-assessed financial independence is nonetheless high everywhere: 87.5 per cent reported feeling greatly or somewhat financially independent.

“Now we do not depend on others for household expenses. We fulfil our needs ourselves.”

— FGD participant, Kelamangalam block, Krishnagiri
Officials largely corroborate the control narrative. The Assistant Engineer, Thally, observed that “all women control their own wages — using them for household expenses and also saving in SHG groups; some women save small amounts in the same bank account to buy jewellery for their children.” The Block Development Officer, Shoolagiri, noted that women “make decisions with self-confidence and courage, without depending on other family members.” But the official consensus is not unanimous — a point taken up in Section 5.5.

5.3 Decision-Making: A Measurable Shift, Concentrated in the Everyday

The direction of change is unambiguous: self-decision rose by 7.5 percentage points, joint decision by 6.7 per cent, and husband-only decision-making nearly halved (13.1 per cent). The transition matrix is the more telling statistic — two-thirds of women who began under husband-controlled finances

moved to self or joint control over the participation period (Table 2 & Figure 2).

Table 2: Primary Household Financial Decision-Maker, Before and Now

Decision-maker	Before MGNREGA participation (%)	Now (%)	Change (%)
Respondent (self)	48.6	56.1	7.5
Joint (self and husband)	23.3	30.0	6.7
Husband	26.7	13.6	13.1
Mother-in-law	1.4	0.0	-

Source: Primary survey, 2024–25. Of 96 women whose finances were husband-controlled before, 41 now decide themselves and 23 decide jointly.

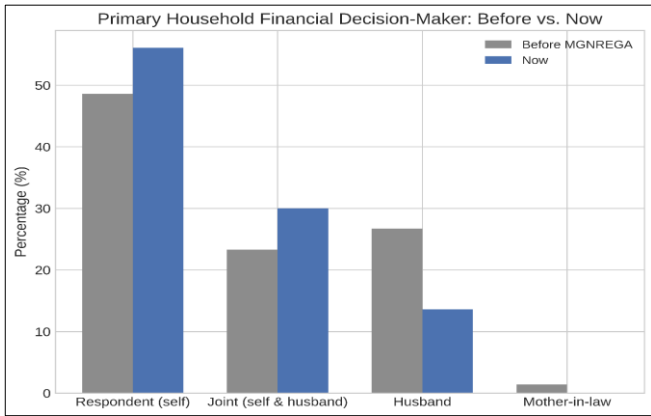


Fig 2: Primary Household Financial Decision-Maker, Before and Now

Qualitative accounts describe the negotiated forms this shift takes, which the binary of “self-versus husband” conceals:

“As soon as the MGNREGA wage arrives in my bank account, my husband and I discuss together how to use the money, and then I alone decide on the expenditure.”

— FGD participant, Uthangarai block, Krishnagiri
“When I first went to work under MGNREGA, my family was not supportive. Now their attitude has changed; they raise no objection.”

— FGD participant, Uthangarai block, Krishnagiri
Yet the domain structure of decision-making tempers the headline. Asked in which domain they exercise independent decisions, 73.1 per cent of women named daily household expenses; only 8.3 per cent named children’s education, 5.6 per cent savings and investments, and 4.7 per cent healthcare. Agency has been won first, and so far mainly, over the everyday purse — the routine-expenditure concentration Mishra *et al.* (2023) ^[9] found in Rajasthan reappears intact in Tamil Nadu. Larger allocative decisions remain predominantly shared or male domains. The gains are real; their frontier is visible.

5.4 Frictions in the Pipeline: Delay, Biometrics, and the Digital Divide

Three frictions attenuate the inclusion-to-agency chain. The first is delay. One respondent in five (20.0 per cent) reported wage delays, twice as prevalent in Dindigul (26.7 per cent) as in Krishnagiri (13.3 per cent) — and every one of the eight focus groups raised it unprompted, reporting waits from 15–60 days to, in one Kelamangalam account, six months:

“Yes, wages are given late. Sometimes wages have been paid

only once every six months. Because of this we are unable to manage daily household expenses."

— FGD participant, Kelamangalam block, Krishnagiri
"Sometimes wages are credited only after 30 or 60 days have passed. In that situation we face a severe crunch for household and other incidental expenses."

— FGD participant, Uthangarai block, Krishnagiri
 Officials confirm rather than contest the diagnosis, locating its cause in central fund-release cycles: the Panchayat Secretary, Mathur, reported waits of up to three months in early 2026, and the Block Development Officer, Uthangarai, acknowledged that the statutory 15-day norm currently stretches to 30. A delayed wage is not merely a late payment; it is a suspended claim — during the wait, the woman's earnings exist as her household's expectation rather than her instrument, and several groups reported bridging the gap through plantation daily-wage work or borrowing. The second friction is authentication. Officials across both districts independently identified biometric failure among older and manual-labour workers — fingerprints worn smooth by field work — as the principal technical barrier, resolved through iris-scan enrolment and re-verification camps. The third is the digital divide, articulated most sharply by the Panchayat Secretary, Mathur: many women do not know into which of several accounts their wage is credited (a by-product of Aadhaar re-seeding across multiple accounts), and those unable to check balances independently "still need others' help to check whether money has arrived and to withdraw it — this indirectly opens the door to new forms of exploitation." Where mediation re-enters at the last mile, the intermediary the DBT reform removed from the front of the pipeline reappears at its end.

5.5 A Contested Narrative: The Official Counterpoint

Triangulation obliges the reporting of disagreement, and one stands out. Against the survey finding that 70.6 per cent of women control wages entirely, and against the corroborating view of most officials interviewed, the Block Development Officer of Uthangarai offered a starkly different assessment: in his estimate, 40 per cent of the wages earned by women are spent by other family members. The claim cannot be dismissed as an outlier's pessimism — it comes from the officer administering one of the study blocks, and it is directionally consistent with the survey's own Krishnagiri figures, where fully half of women do not control wages entirely. Read together, the beneficiary and official accounts suggest that self-reported "control" and observed disposition of funds may diverge: a woman may authentically control the account while household claims on its contents remain strong. Future waves of this research will pair self-reports with expenditure diaries to adjudicate the gap. For policy, the disagreement itself is the finding: control over wages is not a settled fact that DBT architecture has delivered, but a contested, block-variable achievement that requires continued institutional support.

5.6 The SHG–MGNREGA Nexus: Thrift and Voice

If DBT supplies the pipe, SHGs supply the reservoir. SHG members were significantly more likely to save than non-members (56.7 vs. 40.4 per cent; $\chi^2 = 8.28$, $p < 0.01$), and among the 208 women who reported where savings are kept, 28.4 per cent named SHG savings — second only to the bank

account itself (60.1 per cent). The channel difference is absolute rather than gradual: 44.7 per cent of Krishnagiri savers hold savings through a group, against not one respondent in Dindigul, where 80.3 per cent of savers rely on a bank account alone. Regression evidence from the companion survey analysis shows SHG membership independently associated with higher social empowerment scores. The nexus is strongest in Krishnagiri, where 57.9 per cent of respondents are members (against 24.3 per cent in Dindigul) and where its institutional effects extend beyond thrift into leadership: in Thally block, women collectively petitioned the Panchayat and secured the appointment of women as SHG leaders and worksite Mates.

"Because we are SHG members and work at the same place, we do our work very happily."

— FGD participant, Thally block, Krishnagiri
"Both the self-help group and MGNREGA together have built a savings habit. Women's self-respect has also increased."

— FGD participant, Uthangarai block, Krishnagiri
 The Dindigul contrast is instructive: its women control wages more completely yet save far less (23.9 vs. 71.1 per cent) — control without the SHG's institutionalised thrift converts into consumption smoothing rather than accumulation. Agency over the wage and infrastructure for the wage are complements, not substitutes.

6. Conclusion and Policy Implications

MGNREGA's DBT architecture has carried Tamil Nadu's women workers decisively through the first two layers of financial inclusion: account ownership is universal in this sample and independent operation nearly so. The third layer — substantive control — is majority-achieved but uneven, thinning from 92 per cent in Dindigul to 50 per cent in Krishnagiri, and contested even among the officials who administer the scheme. The fourth — decision-making agency — shows genuine movement, with husband-only control of household finances nearly halving over the participation period, but remains concentrated in everyday expenditure rather than allocative decisions over savings, assets, and education. The chain from wage work to agency is real, and it is incomplete by design gaps that policy can reach.

Four implications follow. First, treat wage delay as an agency issue, not merely a payments issue: enforce the 15-day norm and automate delay compensation, since a suspended wage suspends the claim on which women's control rests. Second, institutionalise assisted-authentication camps — iris enrolment and account-verification at block level — for the older, manual-labour workforce whose biometrics fail, and issue each worker a plain-language record of which account receives her wage. Third, bring financial capability to the worksite: brief, recurring sessions at muster points on balance-checking, account consolidation, and grievance channels would attack the digital divide where the beneficiaries already are — a suggestion Uthangarai's focus group made itself, asking for weekly awareness events at worksites. Fourth, invest in SHG–MGNREGA convergence in low-density blocks, since the evidence indicates that wage control without thrift infrastructure yields consumption, while their combination yields accumulation and voice. The account was the beginning of the story, not its end; the task

ahead is to finish the chain.

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