

# Financial Inclusion and Women Empowerment Through MGNREGA

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**Abstract**— *Financial inclusion is one of the main hindrances faced by today's economy. The majority of individuals who are financially excluded are women; as a result, the government is actively attempting to address this issue through various strategies. This paper specifically considers the "Mahatma Gandhi National Rural Employment Guarantee Act" to understand how well this plan helped financial inclusion for women and their empowerment. This study is based on a sampling technique, and 60 samples were collected from two different panchayats in Pathanamthitta district, Kerala. The study demonstrated a favourable effect on women's financial inclusion and empowerment. Even after 14 years of carrying out the plan, there are still some highly noticeable obstacles.*

**Keywords:** Women, Financial inclusion, MGNREGA, Women Empowerment.

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## I. INTRODUCTION

According to a 2003 World Bank-NCAER survey on rural access to finance, 87 percent of the rural poor do not have access to formal credit, and 70% of them do not have a bank account. [1] According to the RFAS, 2003, 48% of marginal and landless farmers borrowed money at least once in the previous year, at an average rate of 48%. [2] Thus, financial inclusion has the potential to eradicate poverty since it is closely connected. Financial inclusion simply means making banking and credit facilities available for the poor and making them actively participate in the activities of the formal financial sector. In his report (2008), C. Rangarajan, ex-Governor of the Reserve Bank of India, defined financial inclusion as "the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low-income groups at an affordable cost." [3] The Reserve Bank of India has announced the Financial Inclusion Index for 2022, which highlights how easily the general public can access financial products and services. The indicator shows an improvement in indices including access, utilisation, and equality, rising to 56.4 from 53.9 in 2021. [4] Hence, this movement can help eradicate poverty. Through financial inclusion, people would be able to save a part of their income, avail credit in need, and access more benefits through banks because it caters to their financial conditions. Financial inclusion can even accelerate women's empowerment.

Gender discrimination is still present in the top tier of the economy, so there is no doubt that it is present in this context too. Women's empowerment is a pressing priority due to the potential hazards of gender discrimination. Hence, the government tries to accelerate women's empowerment because this can even safeguard their lives. MGNREGA was an initiative of the government passed by parliament in 2005. [5] Under this plan, the government guarantees 100 days of work. This will help people to have much more financial

stability or a source of income. Later, mismanagement of funds was noticed. So, the scheme opted for payments through the bank or post office. [6]. This came out as the largest financial inclusion drive. For women, it was very beneficial because they lacked financial inclusion, and this helped in achieving financial freedom and stability, which resulted in women's empowerment. This paper studies how well this scheme helped the financial inclusion of women and their empowerment.

## II. OBJECTIVE

This study aims to understand;

- How well did MGNREGA assist with the financial inclusion of women
- How well financial inclusion helped their empowerment

## III. STATEMENT OF PROBLEM

Women's financial exclusion is a crucial problem that prevents them from becoming empowered. Considering the remarkable result of the "Mahatma Gandhi National Rural Employment Guarantee Act," it is essential to do research to ascertain how well this programme benefits women. Evaluation of women's participation in and use of the MGNREGA becomes significant since they make up a sizable fraction of the population who are financially excluded. Also, since this has the potential for women's empowerment, we must analyse and understand financial inclusion's ability to empower women.

## IV. LITERATURE REVIEW

Kumar (2022) found that one in five women lacks a bank account in India. This indicated that financial inclusion is a major issue that today's world must address. Financial inclusion comes with wings for women because it helps them have better control over their households and savings.

Nevertheless, almost 20 percent of women don't have a bank account, and the rest of the women in the population who do have a bank account are not using it frequently or utilising the benefits it offers. Financial inclusion can accelerate at least eight sustainable development goals out of 17. This would help in tackling the main demons of society—poverty—collectively. Another benefit of women having financial stability and inclusion is that a household will be saved if the women in that house have access to credit and the financial sector. Through MGNREGA, women got wages directly to their bank accounts, which accelerated financial inclusion and guaranteed many women to join the scheme and take up the job. Also, they tend to stay longer on the job. Financial inclusion is crucial for sustainable development and economic success and provides women with a path to social and economic empowerment. Increasing women's financial access benefits household incomes and overall economic growth.

Swamy (2018) explained in the study "Women's financial inclusion through the Mahatma Gandhi National Rural Employment Guarantee Scheme" that the Mahatma Gandhi National Rural Employment Guarantee Act was a beneficial scheme introduced by the Government of India that guaranteed 100 days of a job for people. Women constitute more of the volunteers in this plan, which means that women are getting the most out of this plan. Later, the government initiated a drive along with this scheme, which made all the payments one time and through banks for the workers. This helped in avoiding intermediaries and shielding from potential dangers because it offered financial stability, inclusion, and protection. It was realised that this scheme had the potential to provide independence for women. Overall, this policy played a vital role in accelerating the pace of financial inclusion.

Maurya (2016) explained that gender-based discrimination is actively present in our society; thus, there is a need for women's empowerment. Financial soundness and financial literacy are key factors in women's empowerment. This objective can be achieved through financial inclusion. In India, the figures on financial exclusion outweigh those on financial inclusion for women by a wide margin. Even though Indian women's presence is active on national and international platforms, India is a developing country where women struggle to make ends meet. These ladies are disadvantaged financially. The government is making an effort to properly integrate disadvantaged people into the financial system. In India, the problem of financial inclusion has sparked debate about novel ideas and ideologies, and there is room for improvement in terms of models, technology, and products. Financial stability and empowerment can be achieved through methods like home loans with reduced interest rates. For financial inclusion to succeed, trust must be built.

Kundu (2014) said that when the financial inclusion drive was initiated, an enormous number of poor people opened

bank accounts and became much more literate about banking services. One of the key objectives of this was to make the poor section of society familiar with the banking sector because a lack of information and awareness was a hindrance for them. Also, without enough savings, lower-income households have always struggled. So, the plan was expected to tackle these problems. The actual result of the plan was satisfactory. The vast majority of rural participating households, the majority of whom are impoverished, now have greater financial literacy and access to the formal banking sector. The plan helped with financial inclusion. Thus, the poor section was able to know these things and could save a part of their income, which would help them from sudden shocks. It was observed that some beneficiaries are actively saving a part of their income in commercial banks for their future. Thus, this drive has become the biggest financial inclusion drive in recent times.

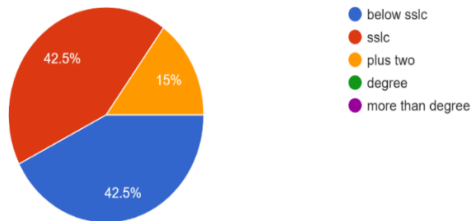
Sahoo (2013) has studied the relationship between financial inclusion and MGNREGA in his research paper "MGNREGA and Financial Inclusion: An Inter-District Analysis of Odisha". Financial inclusion is a holistic approach to the betterment of people. In this context, most people, i.e., 70% of India's population, have to have financial inclusion. For this reason, MGNREGA was a golden opportunity to increase the speed of financial inclusion. The plan was formed to enhance economic conditions and the lives of the underprivileged and destitute. This step will help bring the weaker section into the organised financial sector, which would be beneficial for both people and the government. Financial inclusion aims to increase participation in activities for those with low incomes so they can rise above poverty. Also, this plan helps the poor increase their household income, which would provide them with much more financial stability. Financial inclusion can be achieved by everyone opening bank accounts and entering formal financial services. This plan is much more reliable for the poor since the government is responsible for providing jobs for them. By giving low-income people access to fundamental financial services, including credit, payments, and savings, it seeks to improve their quality of life. Even though the new system seems foolproof, the transition was quite harsh, which caused chaos.

## V. RESEARCH DESIGN

The sampling technique used for the investigation was random sampling. It comprises 60 samples, of which 57.5% were from the Ranni Perunad panchayat and the rest from the Naranamoozhy panchayat of the Ranni taluk in the Pathanamthitta district of Kerala. The samples came from the "thozhil urapp padhathi" (the local term for MGNREGA) labour location and were picked at random. The workers' consent was obtained before any data was taken. The data was collected from female workers. The information was gathered between August 12 and August 14, 2023, and it was a micro-level survey.

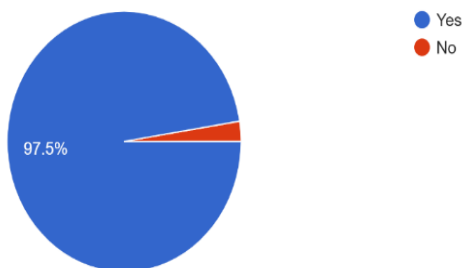
VI. ANALYSIS AND RESULTS

Education  
40 responses



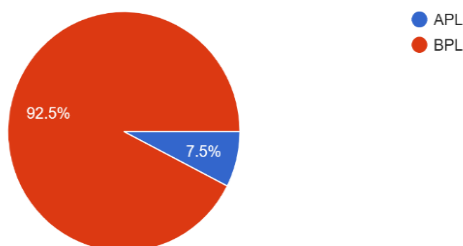
Out of the 40 respondents, 42.5% have completed at least the tenth grade, and 42.5% have not. Additionally, 15% of the total respondents have completed plus two. Given that the majority of women workers have up to a 10th-grade diploma, this suggests that the bulk of them simply have minimal education or none at all. Therefore, under this programme, the government employed women who were unable to obtain conventional employment because the majority of such positions required some level of schooling.

Are you married  
40 responses



97.5% of the respondents who are women are married, whereas 2.5% of the sample weren't, in contrast. This indicates that the majority of them are married and may have families to support, or if other family members have jobs, they can raise the household income.

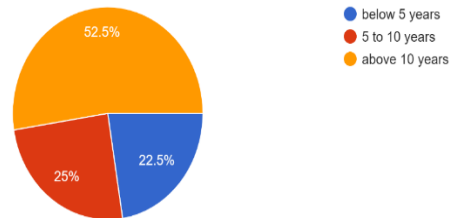
Ration Card  
40 responses



92.5% of the sample's participants had ration cards that were below the poverty level. While 7.5% have ration cards that are over the poverty level. This helps us understand that the majority of the women in this programme are poor

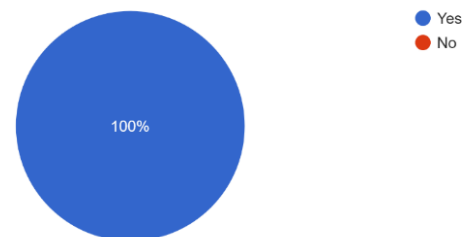
because they are living below the poverty line. Through this strategy, low-income women are discovering a means of assistance and a better way of life.

How long were you been in this scheme?  
40 responses



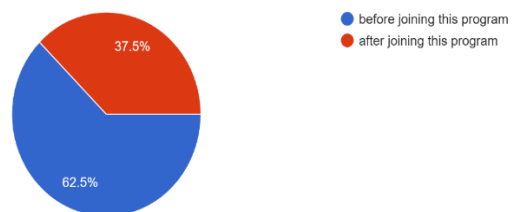
Of the sample, 52.5 percent had been a part of the programme for more than ten years. 25% of the sample, on the other hand, had participated in this programme for five to ten years. Additionally, 22.5% of participants in this plan have a tenure of no more than five years. This suggests that although new individuals are continually enrolling in the programme and women have been actively engaged since the programme's inception, the number of new enrollees each year is decreasing.

Do you have a bank account?  
40 responses



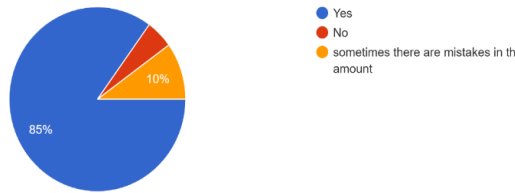
A bank account is owned by each of the 40 respondents. This implies that women covered by this programme have current bank accounts.

when did you open your bank account  
40 responses



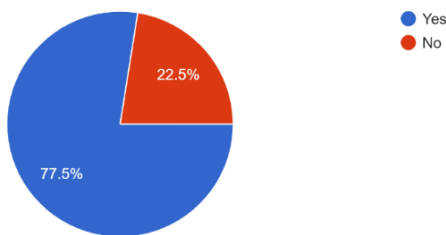
In the sample, 62.5% of the women had a bank account before participating in this program. In contrast, 37.5% of the female participants in the programme opened a bank account after joining the ram. Evidence suggests that by creating bank accounts under this campaign, a significant proportion of women will enter the official financial sector. Consequently, this serves as evidence of financial inclusion.

Is your salary amount correct?  
40 responses



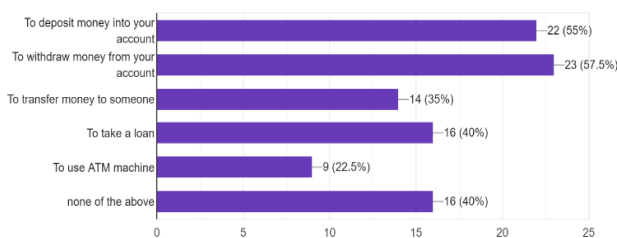
While 10% of the sample reported that occasionally the amount they receive in their bank accounts is incorrect, 85% of the sample stated that they are receiving their wages accurately. While 5% of respondents reported that the amount of their salary was inaccurate, Even though most employees receive the correct amount of pay, some women experience challenges because they do not receive the correct wage amount. It signifies that there is still potential for development and work to be done on this proposal.

Did you get your salary right on time?  
40 responses



77.5% of the sample reported receiving their salary on time. While 22.5% of respondents claimed that they were not receiving their pay on schedule. Although the strategy guarantees a time frame for receiving the workers' salary, some people are not receiving their money on schedule, highlighting the area where this plan fails.

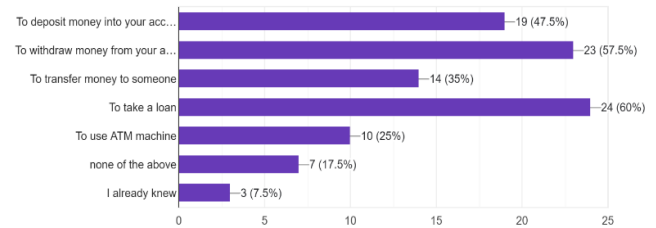
which among the following you knew before joining the scheme?  
40 responses



Out of the 40 responses, 55% of the ladies were familiar with the process of depositing into their accounts before participating in the program. 57.5% were able to access their accounts and withdraw money. 35% were capable of sending money to another person. 40% of people were able to borrow money. Only 22.5% of people could operate an ATM. Furthermore, 40% of participants in the programme had no prior knowledge of any of the aforementioned facts. This suggests that women were already familiar with some

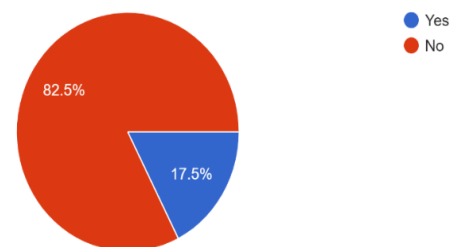
financial services. However, more than a quarter of the women who joined the programme didn't know any of the aforementioned information.

Which of the following you learnt after joining this scheme?  
40 responses



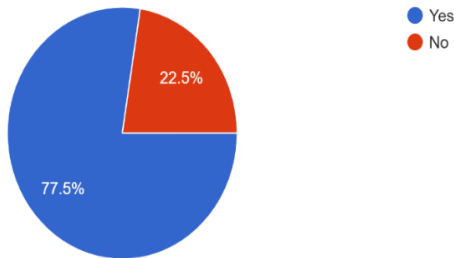
47.5% of the women who responded to the survey were aware of how to deposit money into their accounts after taking part in the programme, out of a total of 40 replies. 57.5% of people were successful in getting access to their accounts and making withdrawals. 35% were able to transfer money to another individual. The ability to borrow money was known to 60% of people. Only 25% of the population can use an ATM. Additionally, 7.5% of programme participants had already learned about the aforementioned before enrolling, whereas 17.5% had no prior knowledge of any of them. This indicates that the plan was successful in terms of financial inclusion and women's empowerment because the percentage of women who haven't learned anything new about the formal financial sector was much lower than the percentage of women who had no prior knowledge of the formal banking sector's services. This suggests that since women established bank accounts, they have learned a few things, and the tiny percentage of women who haven't learned anything would have known these things before enrolling in this scheme. This suggests that the programme had a significant impact on women's financial inclusion.

Do you know how to handle money digitally?  
40 responses



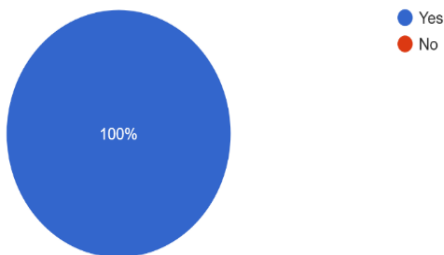
Of the sample, 82.5% are illiterate when it comes to managing money digitally, while only 17.5% are proficient. This indicates that women only have a rudimentary understanding and must learn a lot more to handle money digitally, regardless of how they become aware of and a part of the official banking industry. A tiny percentage have, nevertheless, also picked that up.

Do you get money for your personal needs from this job?  
40 responses



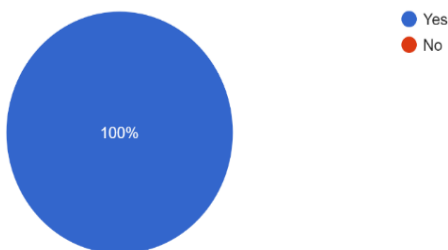
According to the survey, 77.5% of women receive money for personal requirements, compared to 22.5% of those who don't receive money for such needs. This suggests that the money received by women is insufficient, even though the government was able to supply them with a source of income. Even though they have jobs, they are unable to support their requirements. The possibility of women's empowerment offered by this plan is so limited.

Do you think that this plan has helped in women empowerment?  
40 responses



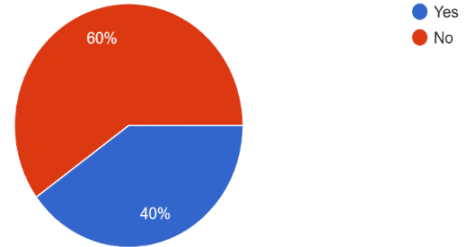
All the respondents agree that this plan has helped in women's empowerment. The ladies covered by this plan believe that it has aided in empowering women.

Are you able to handle your salary properly?  
40 responses



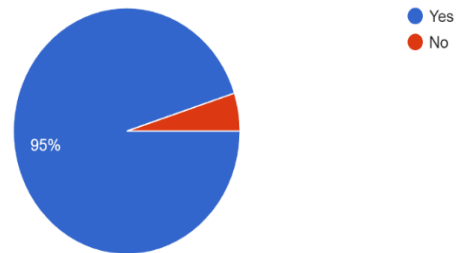
All the women learned and can manage their salary properly since the government provides income, and women have mastered effective money management.

Are you able to save a part of your wage?  
40 responses



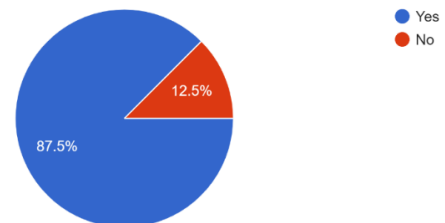
Sixty percent of the sample's female members report having trouble saving any money. In contrast, 40% of women can save some of their salary. According to this, women's incomes are minimal, making it impossible for them to save money on their own. Saving money, however, is a crucial component of financial inclusion.

Are you able to achieve financial stability through this job?  
40 responses



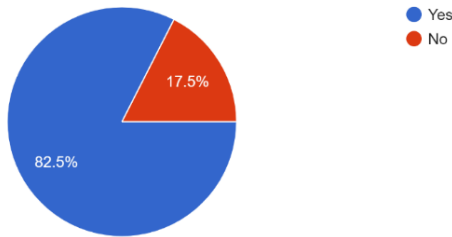
95% of the respondents have financial stability, whereas this scheme fails to provide financial stability to 5% of women. This indicates that the majority of women gained financial security as a result, which aided in their empowerment. However, they only define financial stability as the capacity to purchase needs.

Do you have more value in your family than before after getting this job?  
40 responses



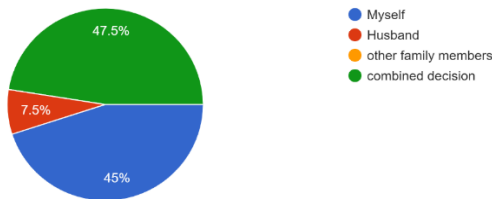
According to the poll, 87.5% of respondents claimed that gaining a job had increased the value they received at home, while 12.5% reported no such rise. A family typically cherishes an earning member; therefore, this suggests that the plan may have assisted them in receiving greater value and respect from their families. And that might have improved their sense of self-worth. However, some women did not receive this value even after getting a job.

Are you able to get 100 days of job  
40 responses



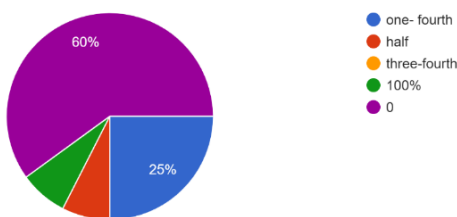
In the 40-person sample, 82.5% of the women were given an employment guarantee of 100 days. However, 17.5% of people do not receive the promised 100 days of employment. This demonstrates the plan's inefficiency because it only guarantees 100 days and the workers will only earn a meagre wage. When the plan falls short of even those 100 days, it demonstrates the ineffectiveness of the strategy.

Who decides how to spend the wage you get through this job?  
40 responses



47.5% of the women who responded to the study said that their family as a whole decides how to spend their salary. According to 45% of women, they have the freedom to choose how to spend their money. Additionally, 7.5% of women reported that their husband controls how they spend their income. According to the report, the majority of women are in charge of deciding how to spend their money, either individually or in concert with other family members. However, only a small number of women are in charge of their financial situation. The money is under the jurisdiction of their husbands. If their husband is in charge of their finances, the question of whether women are truly gaining empowerment arises.

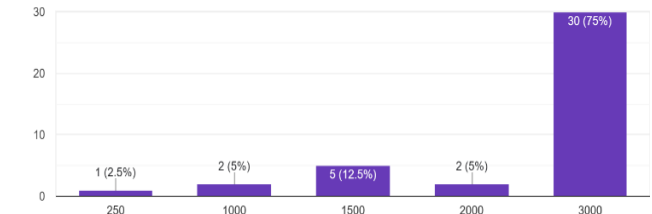
How much are you able to use from your salary for your personal needs?  
40 responses



To meet their own needs, 60% of women said they were unable to spend their wages. One-fourth of women's income is what 25% of them indicated they could spend on personal expenses. 7.5% of respondents said they can spend up to half

of their income on personal expenses, and another 7.5% said they can spend the entirety of their income on such expenses. This suggests that their income is insufficient and that they can only take care of their family's necessities. Most of them are unable to pay for their necessities when they arise. A small number of people can, however, also use the entire sum for their own needs.

Monthly average salary  
40 responses



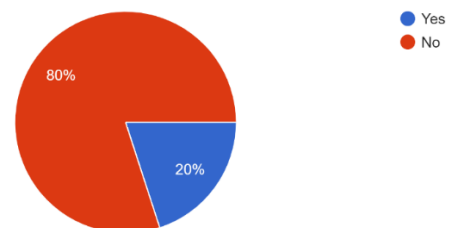
5% of women earn 1,000 every month. 12.5% of people make 1500 rupees each month. 2.5% earn a monthly pay of \$2500, while 5% receive a pay of \$2000. 75% make more than \$3,000 each month. This showed that the workers' monthly salaries are quite low.

Who collects your salary from the bank?  
40 responses



According to every poll participant, they are the ones who pick up their paycheck from the bank. This suggests that all of the ladies employed by this operation were familiar with how to take money from a bank using an ATM or a branch. This demonstrates that these women are ahead of the game when it comes to financial inclusion.

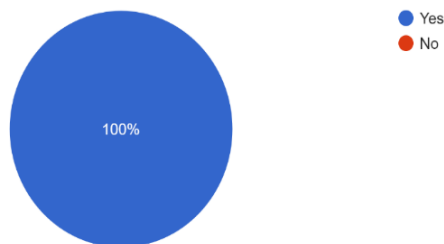
Do you have any other job ?  
40 responses



According to the report, 80% of women have only one job, while 20% have another job in addition to their current position. This implies that a small percentage of women do numerous jobs since they don't get enough money from one position.

Are you satisfied in this scheme?

40 responses



All of the poll respondents insisted that this plan satisfied them. Even though the salary is insufficient, they view the adoption of this scheme as a huge aid to them. In a way, they are appreciative of the fact that having any income is preferable to having none.

### VII. DISCUSSION

The study provided some insight into how women, particularly those living below the poverty level, are included financially. Every woman participating in this programme opened a bank account and experienced some degree of empowerment. In addition to providing financial inclusion through the opening of bank or post office accounts and wage payment transactions through these accounts, it was already discovered that women participating in this programme had better living conditions than other women with whom they entified. This payment plan provides certainty, which other researchers have also discovered to be true as the responders were paid monthly under this plan. The fifteen days it took for the remaining employees to get their pay. On the other hand, it was discovered that some women cannot control their income. Control over their income is something that other researchers have also discovered to be true.

### VIII. CONCLUSION

The "Mahatma Gandhi National Rural Employment Guarantee Act" has aided women in achieving financial inclusion, which has decreased the number of women without active bank accounts or who are underrepresented in the official financial sector. Although this programme greatly aided women in achieving financial security, they nevertheless lamented the fact that occasionally their paychecks were late and their pay was so little. However, it assisted them in achieving both financial security and women's empowerment. Even so, certain conditions limit women's empowerment, such as when their husbands decide how to spend their wives' money and when their average monthly income is low because of poor pay. It was important to note that this strategy gives women more control over their families than they did previously, which is the greatest empowering benefit the legislation could provide. In terms of financial inclusion and women's empowerment overall, the programme was successful.

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