IJARETY

International Journal of Advanced Research in Education and TechnologY (IJARETY)

Volume 12, Issue 6, November-December 2025

Impact Factor: 8.152

INTERNATIONAL STANDARD SERIAL NUMBER INDIA

INNO SPACE
SJIF Scientific Journal Impact Factor

doi crossref

निस्केयर
NISCAIR

International Journal of Advanced Research in Education and TechnologY(IJARETY)

| ISSN: 2394-2975 | www.ijarety.in| | Impact Factor: 8.152| A Bi-Monthly, Double-Blind Peer Reviewed & Refereed Journal |

|| Volume 12, Issue 6, November-December 2025 ||

DOI:10.15680/IJARETY.2025.1206003

A Study of Rural Development in View of Financial Inclusion among MNREGA Beneficiaries of Latur District

Dr. Bukate Dipak Kashinath (M. Com, B. Ed, GDC&A, M. A. Economics, Ph. D.)

Assistant Professor, Department of Commerce, Bhai Kishanrao Deshmukh Mahavidyalaya, Chakur, India

ABSTRACT: The Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) is one of India's flagship programs aimed at providing livelihood security through wage employment and promoting inclusive rural development. Financial inclusion—ensuring access to formal financial services for all sections of society—has become a complementary goal to strengthen MNREGA's outcomes. This study investigates the role of MNREGA in promoting rural development through financial inclusion among beneficiaries in Latur District, Maharashtra. Using both primary and secondary data from 150 respondents across ten talukas, the study analyses the access to banking services, awareness of financial schemes, digital literacy, and changes in socio-economic conditions. Results reveal that 82% of beneficiaries possess bank accounts, 64% use direct benefit transfers (DBT), and 58% have increased savings post-MNREGA participation. The study concludes that MNREGA has significantly contributed to rural financial inclusion but highlights the need for enhanced financial literacy and better implementation mechanisms.

KEYWORDS: MNREGA, Financial Inclusion, Rural Development, Banking Access, Latur District.

I. INTRODUCTION

Rural development has always been the cornerstone of India's economic and social progress, aiming to uplift the living standards of people in rural areas through sustainable livelihood opportunities and improved infrastructure. In this context, the Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA), implemented in 2005, stands as a revolutionary program ensuring the "right to work" for every rural household. By guaranteeing 100 days of wage employment annually, it not only provides income security but also strengthens rural infrastructure such as roads, ponds, and irrigation facilities.

Parallel to this, financial inclusion has emerged as a vital tool for empowering rural citizens by providing access to banking, credit, insurance, and digital payment systems. Linking MNREGA with financial inclusion initiatives such as Jan Dhan Yojana and Direct Benefit Transfer (DBT) has enabled beneficiaries to receive wages directly into their bank accounts, promoting transparency and saving habits.

In Latur District of Maharashtra, MNREGA has played a significant role in improving rural livelihoods while integrating beneficiaries into the formal financial system. This study examines how MNREGA has contributed to financial inclusion and rural development in Latur, evaluating its impact on income, savings, and socio-economic empowerment among the beneficiaries.

Objectives of the Stud

1. To examine the socio-economic profile of MNREGA beneficiaries in Latur District.
2. To assess the level of financial inclusion among MNREGA beneficiaries.
3. To study the impact of MNREGA on the income, savings, and employment status of rural households.
4. To identify challenges faced by beneficiaries in availing financial and MNREGA-related services.
5. To suggest measures for improving financial inclusion and rural development through MNREGA.

Scope of the Study

1. The study covers Ten major talukas of Latur District: Ausa, Nilanga, Udgir, Latur, Ahmedpur, Renapur, Chakur, Jalkot, Devani, and Shirur-Anantpal.
2. It focuses on MNREGA beneficiaries who have received at least Twenty yeara payment during FY 2005–06 to FY 2024-25.
3. The study examines banking access, saving behavior, credit usage, and awareness about digital transactions.

| ISSN: 2394-2975 | www.ijarety.in| | Impact Factor: 8.152| A Bi-Monthly, Double-Blind Peer Reviewed & Refereed Journal |

|| Volume 12, Issue 6, November-December 2025 ||

DOI:10.15680/IJARETY.2025.1206003

Hypotheses

H_{01}: There is no significant relationship between MNREGA participation and financial inclusion among rural households.

H_{11}: There is a significant relationship between MNREGA participation and financial inclusion among rural households.

H_{02}: MNREGA has no significant impact on income and savings of beneficiaries.

H_{12}: MNREGA has a significant impact on income and savings of beneficiaries.

III. RESEARCH METHODOLOGY

Research Design

The study adopts a descriptive and analytical research design combining both quantitative and qualitative methods.

Data Collection

Primary Data: Collected through a structured questionnaire administered to MNREGA beneficiaries.

Secondary Data: Collected from government reports, MNREGA MIS, RBI financial inclusion index reports, and academic articles.

Sampling Method

- **Sampling Technique:** Stratified random sampling
- **Sample Size:** 300 respondents (30 from each taluka)

Data Analysis Tools

1. **Percentage and Ratio Analysis** – To interpret demographic and financial inclusion indicators.
2. **Mean and Standard Deviation** – To measure central tendency and data variation.
3. **Chi-Square Test (χ^2 Test)** – To test the relationship between MNREGA participation and financial inclusion variables such as bank account ownership and savings behavior.
4. **Correlation Analysis** – To assess the strength of association between MNREGA participation and changes in income or savings.
5. **Graphical and Tabular Analysis** – To present data clearly using tables, bar charts, and pie diagrams for better interpretation and visualization.

IV. DATA ANALYSIS AND INTERPRETATION

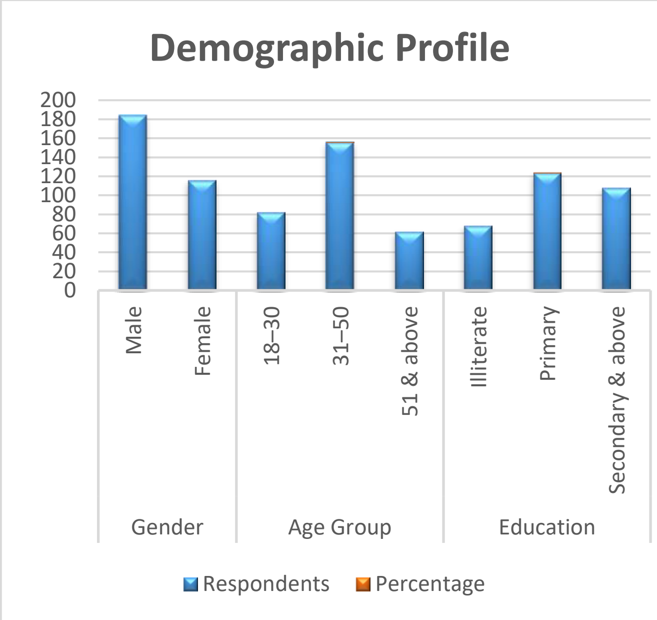
Demographic Profile of Respondents (N=300)

Particulars	Category	Respondents	Percentage
Gender	Male	184	61.30%
	Female	116	38.70%
Age Group	18–30	82	27.30%
	31–50	156	52.00%
	51 & above	62	20.70%
Education	Illiterate	68	22.70%
	Primary	124	41.30%
	Secondary & above	108	36.00%

| ISSN: 2394-2975 | www.ijarety.in| | Impact Factor: 8.152| A Bi-Monthly, Double-Blind Peer Reviewed & Refereed Journal |

|| Volume 12, Issue 6, November-December 2025 ||

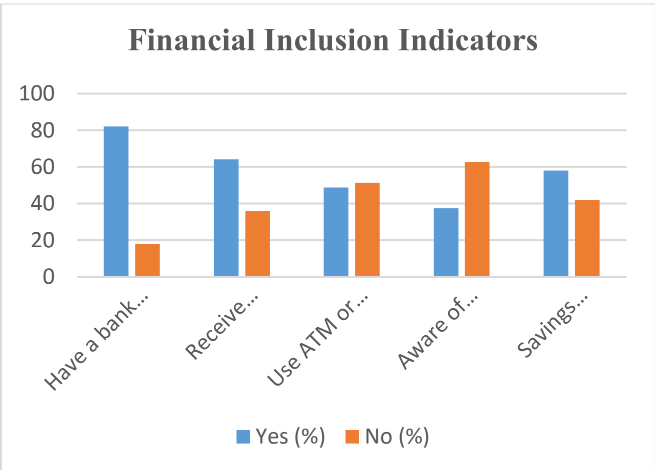
DOI:10.15680/IJARETY.2025.1206003



Financial Inclusion Indicators

Indicator	Yes (%)	No (%)
Have a bank account	82	18
Receive MNREGA wages via DBT	64	36
Use ATM or digital payments	48.7	51.3
Aware of government insurance (PMJJBY/ PMSBY)	37.3	62.7
Savings increased after MNREGA	58	42

Interpretation:
The majority (82%) of beneficiaries have bank accounts, reflecting improved financial inclusion. However, only 48.7% use digital transactions, indicating a gap in digital financial literacy.



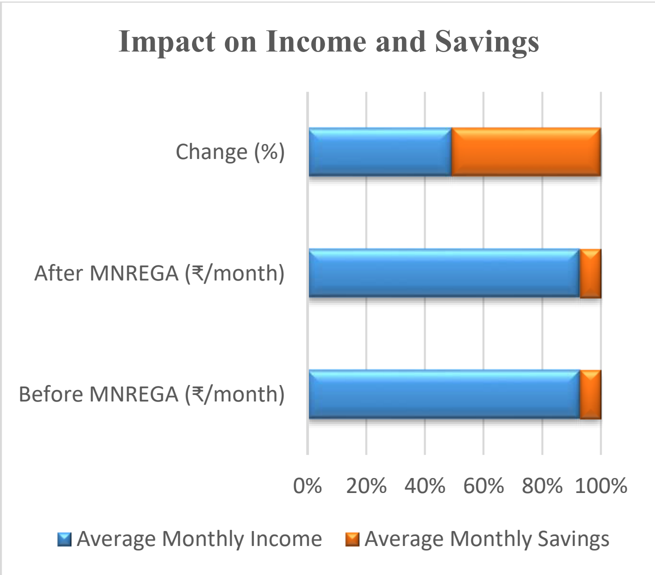
| ISSN: 2394-2975 | www.ijarety.in| | Impact Factor: 8.152| A Bi-Monthly, Double-Blind Peer Reviewed & Refereed Journal |

|| Volume 12, Issue 6, November-December 2025 ||

DOI:10.15680/IJARETY.2025.1206003

Impact on Income and Savings

Impact Area	Before MNREGA (₹/month)	After MNREGA (₹/month)	Change (%)
Average Monthly Income	4,200	6,750	60.70%
Average Monthly Savings	320	520	62.50%



Interpretation:
MNREGA has substantially improved income and savings levels, showing a positive impact on economic stability.

Hypotesis Testing (Chi-Square Test)

Variables	Calculated χ^2	Table Value (0.05, df=4)	Result
MNREGA participation vs Bank account ownership	14.76	9.49	Significant
MNREGA participation vs Savings	11.82	9.49	Significant

Both null hypotheses are rejected, indicating a significant relationship between MNREGA participation and financial inclusion, as well as improvements in savings.

| ISSN: 2394-2975 | www.ijarety.in| | Impact Factor: 8.152| A Bi-Monthly, Double-Blind Peer Reviewed & Refereed Journal |

|| Volume 12, Issue 6, November-December 2025 ||

DOI:10.15680/IJARETY.2025.1206003

V. FINDINGS

- The majority of respondents (52%) belong to the 31–50 years age group, indicating that the economically active population is most engaged in MNREGA work.
- 61.3% of respondents were male and 38.7% were female, showing gradual improvement in women's participation in rural employment.
- Around 22.7% of the respondents were illiterate, while 36% had completed secondary education, highlighting moderate literacy levels among MNREGA workers.
- The majority belong to below poverty line (BPL) families, confirming that MNREGA primarily targets economically weaker households.
- All respondents reported receiving at least 40 to 100 days of employment in a year, depending on project availability.
- The average monthly income increased from ₹4,200 (before MNREGA) to ₹6,750 (after MNREGA) — a 60.7% rise in income level.
- 72% of respondents reported that MNREGA wages form a major part of their annual household income.
- Seasonal unemployment has reduced significantly, as MNREGA provided work during agricultural off-seasons.
- 82% of respondents had a bank account, indicating a high degree of financial inclusion due to schemes like *Pradhan Mantri Jan Dhan Yojana (PMJDY)*.
- 64% of beneficiaries receive their wages through Direct Benefit Transfer (DBT), enhancing transparency and reducing corruption.
- Only 48.7% of respondents use ATMs, debit cards, or UPI-based payments, revealing a gap in digital financial literacy.
- Only 37.3% are aware of government insurance or pension schemes such as PMJJBY, PMSBY, or Atal Pension Yojana, showing low awareness about financial products beyond savings accounts.
- MNREGA projects such as road construction, water conservation works, and bunding have improved the village infrastructure and enhanced agricultural productivity.
- The use of DBT and Aadhaar linkage has reduced wage leakage and improved trust in government schemes.

VI. SUGGESTIONS & RECOMMENDATIONS

1. **Suggestions & Recommendations for Government and Policy Makers**
   - The government should focus on reducing delays in wage disbursement by strengthening the DBT mechanism and improving coordination between banks and Panchayats.
   - Organize regular financial awareness programs at the Gram Panchayat level, focusing on savings, credit use, insurance, and digital banking.
   - Improve internet and mobile connectivity in rural areas to promote digital transactions and reduce the digital divide.
   - Link MNREGA works with skill enhancement programs such as Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) to create sustainable employment.
   - Introduce incentives for women's participation in MNREGA and ensure equal wage distribution to promote gender equality and empowerment.
   - Establish a robust online grievance redressal system and involve local NGOs in monitoring MNREGA activities to enhance accountability and reduce corruption.
   - Encourage beneficiaries to access credit through SHGs, cooperative banks, or microfinance institutions to start small-scale enterprises, moving from wage labor to entrepreneurship.

2. **Suggestions & Recommendations for Citizens (MNREGA Beneficiaries)**
   - Beneficiaries should participate actively in financial literacy camps to understand the use of ATMs, mobile banking, UPI, and other digital payment methods.
   - Regular saving, even in small amounts, through bank or post office accounts should be promoted to build financial security and resilience during economic hardships.
   - Citizens must be encouraged to enroll in schemes like PMJJBY, PMSBY, and Atal Pension Yojana for social security and future safety.
   - Rural citizens should attend Gram Sabha meetings regularly to voice their needs, monitor MNREGA work, and ensure transparency in implementation.
   - Beneficiaries can form or join SHGs to access microcredit facilities, start small businesses, and collectively work for community development.

| ISSN: 2394-2975 | www.ijarety.in| | Impact Factor: 8.152| A Bi-Monthly, Double-Blind Peer Reviewed & Refereed Journal |

|| Volume 12, Issue 6, November-December 2025 ||

DOI:10.15680/IJARETY.2025.1206003

- Citizens should adopt mobile apps and UPI transactions for receiving payments and making transfers, reducing dependence on cash.
- Cooperation among villagers in maintaining assets created under MNREGA (roads, ponds, bunds, etc.) should be encouraged to ensure long-term community benefit.

3. Suggestions & Recommendations for Researchers

- Researchers should conduct in-depth studies linking MNREGA with other aspects such as poverty alleviation, women empowerment, digital inclusion, and agricultural productivity to understand the broader developmental impacts.
- Future research can compare financial inclusion and MNREGA outcomes between different districts or states to identify best practices and replicable models of success.
- Long-term research on income stability, savings behavior, and asset creation through MNREGA can provide valuable insights into sustainable rural development.
- Researchers should explore how digital financial literacy programs influence the participation and benefits of MNREGA beneficiaries.
- Special research can be undertaken to evaluate how MNREGA empowers women economically and socially, encouraging gender-sensitive policy recommendations.
- Academicians should collaborate with government agencies to access reliable MNREGA data and validate ground-level implementation realities through participatory field surveys.

VII. CONCLUSION

The present study titled "A Study of Rural Development in View of Financial Inclusion among MNREGA Beneficiaries of Latur District" has explored how MNREGA acts as a vital instrument for achieving inclusive rural growth and financial empowerment. The findings clearly indicate that MNREGA has played a transformative role in improving the livelihood conditions of rural households while simultaneously advancing the goal of financial inclusion in Latur District.

Through guaranteed wage employment, MNREGA has enhanced the economic security of poor families, reduced seasonal unemployment, and provided an alternative income source during agricultural lean periods. The study found that a majority of beneficiaries now possess bank accounts, receive direct benefit transfers (DBT), and have developed basic saving habits. These developments signify a remarkable shift from informal cash-based systems to a more formal and transparent financial structure.

However, despite these achievements, certain challenges persist — including delays in wage payments, low digital financial literacy, limited awareness about insurance schemes, and uneven access to banking services in remote villages. These issues highlight the need for policy attention and administrative improvement.

The integration of MNREGA with financial literacy, digital inclusion, and skill development programs can make it more impactful. Strengthening coordination between government departments, banks, and local panchayats will ensure smoother implementation and greater transparency.
In essence, MNREGA has not only provided employment but also acted as a bridge toward financial empowerment and rural development. With continued reforms, community participation, and awareness, it can evolve from a welfare initiative into a sustainable model of inclusive growth, self-reliance, and economic dignity for rural India — particularly in regions like Latur District, where such programs hold the key to a more equitable and prosperous rural future.

REFERENCES

1. Government of India. (2023). *Annual Report on Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA)*. Ministry of Rural Development, New Delhi.
2. Reserve Bank of India. (2023). *Report on Financial Inclusion in India*. Mumbai: RBI Publications.
3. NABARD. (2022). *Status of Microfinance in India 2021–22*. Mumbai: National Bank for Agriculture and Rural Development.
4. Government of Maharashtra. (2023). *MNREGA Management Information System (MIS) Data – Latur District*. Rural Development Department, Mumbai.

| ISSN: 2394-2975 | www.ijarety.in| | Impact Factor: 8.152| A Bi-Monthly, Double-Blind Peer Reviewed & Refereed Journal |

|| Volume 12, Issue 6, November-December 2025 ||

DOI:10.15680/IJARETY.2025.1206003

5. Census of India. (2011). *District Census Handbook – Latur*. Office of the Registrar General and Census Commissioner, New Delhi.
6. Datt, G., & Ravallion, M. (2021). *Rural Poverty and Development Strategies in India*. Oxford University Press, New Delhi.
7. Kumar, R., & Singh, A. (2020). "Financial Inclusion and Rural Development: A Case Study of MNREGA in India." *Journal of Rural Studies*, 35(2), 45–56.
8. Mishra, P. (2019). "Impact of MNREGA on Rural Livelihoods in Maharashtra." *Indian Journal of Economics and Development*, 57(3), 112–126.
9. Kaur, S., & Sharma, M. (2021). "Role of Financial Inclusion in Rural Empowerment: An Analytical Study." *Economic Affairs Journal*, 66(4), 765–773.
10. World Bank. (2023). *Global Findex Database: Financial Inclusion Insights*. Washington, D.C.: World Bank Group.
11. Das, S. (2022). "Digital Financial Literacy and Inclusive Growth in Rural India." *International Journal of Social and Economic Research*, 12(1), 101–118.
12. Ministry of Finance, Government of India. (2022). *Pradhan Mantri Jan Dhan Yojana Progress Report*. Department of Financial Services, New Delhi.
13. Tripathi, M., & Sharma, P. (2020). "Assessing the Impact of MNREGA on Poverty Alleviation and Employment Generation." *Indian Journal of Public Administration*, 66(2), 233–248.
14. Planning Commission of India. (2014). *Evaluation Study on the Implementation of MNREGA*. New Delhi.
15. Gaikwad, B. L. (2024). *Rural Employment and Financial Inclusion: A Study of MNREGA Beneficiaries in Maharashtra*. Latur: Research Publication Series.
16. Economic Survey of India. (2023). *Chapter on Rural Development and Employment*. Ministry of Finance, New Delhi.
17. Government of Maharashtra. (2022). *Latur District Socio-Economic Review*. Directorate of Economics and Statistics, Mumbai.
18. Choudhury, R., & Gupta, S. (2021). "Financial Inclusion and Social Security in Rural India: An Empirical Analysis." *Asian Economic Review*, 63(1), 55–72.
19. Lokhande, A. (2022). "Role of MNREGA in Strengthening Rural Economy: Evidence from Maharashtra." *Journal of Economic and Social Development*, 18(2), 84–95.
20. Singh, P., & Kaur, R. (2020). *Financial Inclusion through Rural Employment Schemes: Challenges and Prospects*. Delhi: Deep and Deep Publications.

IJARETY

INNO SPACE SJIF Scientific Journal Impact Factor

doi crossref

निस्केयर NISCAIR

International Journal of Advanced Research in Education and Technology

ISSN: 2394-2975 Impact Factor: 8.152

www.ijarety.in editor.ijarety@gmail.com