

# Role of MGNREGA in Enhancing Financial Inclusion in Rural Areas: A Case Study of District Budgam of J&K

Mohsin Majeed

*Research Scholar, Department of Economics Central University of Kasdhamir, Ganderbal*

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**Abstract**—Financial Inclusion is 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” It can be said with certainty that a large chunk of rural population still do not have an access to formal banking institution. To counter this problem government has time and again tried to inculcate banking habits in the rural people through different measures and MGNREGA is one of them.

MGNREGA basically being a “right based” wage employment programme, has been a comprehensive programme in promoting inclusive growth and financial inclusion. The direct transfer of wage payments in the bank/post office accounts has been one of the major instrument of “financial inclusion” after Pradan Mantri Jan Dhan Yojana in terms of magnitude. This has also reduced the cost of payment delivery and has saved time and energy to a large extent. It has infused an element transparency and has enhanced the integrity of wage payment under MGNREGA and in some cases it has also enabled the rural people to borrow and save money using these bank accounts.

The present study uses both primary and secondary data to find out the role of MGNREGA in enhancing the financial inclusion in rural areas in terms of both quantity and quality wise. The primary survey has been collected from district Budgam of jammu and Kashmir and secondary data has been collected from different official sources. The present study considers proportion of respondents having access to a banks or post office accounts as a prime indicator of financial inclusion. In addition, availing banking services like credit facilities, using e-banking facilities and ATMs/credit card etc do indicate the depth of the financial inclusion or to what extent rural people have acquired these banking habits. The present study concludes that MGNREGA has helped in bringing more and more rural people under the garb of formal banking but quality wise it has not been able to help them in availing other banking services.