



# A Study On Awareness Of Personal Financial Planning Among MGNREGA Workers In Karnataka

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## Abstract

This study investigates the financial literacy of MGNREGA workers in Karnataka, with a focus on savings, investment, and insurance practices. Adopting a descriptive research design, data were collected from 200 participants using a structured Likert-scale questionnaire. The responses were analysed using SPSS with t-tests to measure the literacy levels across domains. The results reveal moderate financial literacy in savings and investment, with mean scores significantly higher than neutral levels. However, insurance awareness remains low and statistically insignificant, indicating a critical gap in risk management knowledge among the workers. The study underscores the urgent need for targeted financial education programs, especially in the domain of insurance. It recommends collaborative efforts between local self-help groups, NGOs, and policymakers to design and implement financial literacy initiatives tailored to rural communities. Strengthening these capacities is vital for enhancing financial empowerment and ensuring sustainable livelihoods in rural Karnataka.

**Keywords:** Financial Literacy, MGNREGA workers, savings awareness

## Introduction

Financial planning has become a significant aspect of socio-economic growth, particularly for the poor and low-income classes of society. In India, rural employment guarantee programs such as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) have played a significant role in ensuring livelihoods through wage employment guarantees. While the scheme has helped village incomes and poverty alleviation, a lack of awareness regarding personal financial planning among workers in general hinders them from achieving financial stability in the long run. For MGNREGA workers in Karnataka, whose village incomes are limited, and irregular, financial literacy and planning are necessary, as the urgency to stabilize and maintain village incomes during economic shocks emerges.

Despite the presence of government-financed financial inclusion initiatives and financial products, such as Jan Dhan Yojana, Direct Benefit Transfers (DBT), and micro-insurance schemes, most MGNREGA workers are not equipped with the adequate knowledge and skills required for effective earnings management. Empirical findings show that most rural workers are not aware of the systematic saving practices, investment options, retirement planning, and risk management techniques. This financial illiteracy not only limits their ability to efficiently utilize income but also subjects them to financial risk in the form of debt trap and lack of social protection. In the Indian state of Karnataka, where MGNREGA has widespread implementation, there is a wide gap in research studies on such workers' awareness of personal financial planning, thus the relevance and appropriateness of this study.

The present research attempts to assess the degree of financial awareness for individual planning among Karnataka's MGNREGA labourers and lay strong emphasis on their savings awareness, investment awareness, insurance awareness, credit awareness, and awareness of retirement planning. Moreover, the research will also examine the socio-economic determinants influencing their financial decision-making and explore barriers to their involvement in systematic financial planning. Based on an analysis of these determinants, the present research seeks to contribute valuable insights to policymakers, financial institutions, and non-governmental organizations towards the formulation of effective financial literacy programs and interventions. Ultimately, this research lays emphasis on the need for financial awareness for the realization of economic empowerment and sustainable livelihoods among rural labourers engaged in MGNREGA.

Financial literacy is increasingly recognized as a critical factor for ensuring economic empowerment and sustainable livelihoods, especially among rural populations. In India, programs such as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) provide wage employment to millions of workers, yet their financial well-being depends largely on their ability to manage and utilize income effectively.

While MGNREGA provides economic security, limited awareness of financial products and services often restricts workers from leveraging their earnings to build long-term assets and reduce vulnerabilities. Prior studies indicate that rural households typically exhibit modest knowledge of savings and investment instruments but remain underexposed to risk-management tools such as insurance. In this context, assessing the financial literacy of MGNREGA workers is vital for policy and practice.

## Literature Review

**(Sharma & Kumar, 2018).** To analyse financial planning and literacy barriers among Karnataka MGNREGA workers. Key barriers were low literacy, lower exposure to financial literacy, and distrust of formal financial systems. These barriers need to be addressed through specially designed financial literacy programs and higher trust in formal financial systems.

**(Patel & Rao, 2019)** To study the level of personal financial planning awareness among Karnataka's MGNREGA workers and the factors influencing it. Qualitative interviews and focus group interviews were conducted among 50 urban and rural workers. Limited awareness of financial planning concepts, with high reliance on informal money lenders, was observed in the study. Awareness was highly determined by education, income level, and access to financial services. Policy interventions in the form of increasing financial literacy, as well as in promoting use of formal financial services among such workers, are needed

**(Kumar & Singh, 2020)** This study attempts to measure the knowledge level of personal financial planning among Karnataka MGNREGA staff. A descriptive survey was carried out among 300 MGNREGA workers in three districts in Karnataka. Questionnaires were administered to collect data and analysed using SPSS. Results indicated low financial literacy levels, with most workers having no knowledge of savings schemes, insurance, and investments. Awareness was highly dependent on the literacy level and exposure to financial education programs. Enhanced financial literacy through focused educational programs can enhance financial decision-making among MGNREGA workers.

**(Das & Mukherjee, 2021)** To measure the impact of financial literacy training on personal financial planning awareness among MGNREGA workers. A quasi-experiment was conducted applying pre- and post-tests on 200 workers who participated in a financial education workshop. Post-intervention findings revealed enhanced awareness, especially for insurance and savings products. Behavioral change was not yet significant. Financial education contributes positively to awareness, but sustained efforts are required for long-term behavior change

**(Joshi & Patel, 2022)** To examine the contribution of government and non-government programs towards enhancing the financial literacy of MGNREGA workers. Review of ongoing programs and survey of 300 beneficiaries were considered. Various programs are in progress, but their reach remains limited due to poor implementation and awareness gaps. Expanded outreach and local programming can enhance financial awareness

(Reddy & Lalith, 2023) The purpose is to extensively evaluate and determine the future needs and desires regarding financial education for MGNREGA workers in the state of Karnataka. This will entail a detailed needs assessment survey comprising a total of 180 respondents, which will involve the use of preference ranking and focused group discussions to collect a broad array of information and opinions. Employees welcomed training in saving, insurance, and credit control, which shows a preference for hands-on, low-cost financial literacy. Tailored financial literacy programs that address the interests of workers can make a great difference in awareness and use according to the study

## Research Methodology

This study utilizes a descriptive research design to measure Personal Financial Planning awareness among Karnataka's MGNREGA workers. Convenience sampling was utilized to enrol 200 participants based on the sampling frame, with the guarantee that the sample would provide representation of a wide variety of workers from different rural areas. Data were collected using a structured questionnaire developed specially for this study. The questionnaire contained items on a five-point Likert scale, from "Strongly Disagree" to "Strongly Agree," to measure participants' awareness level on the basis of three critical dimensions: savings, investment, and insurance. Descriptive statistics were utilized to analyse the data to summarize the response. A one-sample t-test was also used to examine whether the mean awareness levels of each dimension differed significantly from a neutral point, hence measuring the overall awareness among respondents. The data were processed and analysed using SPSS software.

## Objective of the Study

- To find out the level of awareness of personal financial planning among Karnataka MGNREGA workers.
- To contribute constructively that can meaningfully be used in designing and developing specialized financial education programs for those who are employed in rural areas.

## Hypothesis of the Study

**Null Hypothesis: H0:** There is no awareness of Personal Financial Planning among

MGNREGA Workers

**Alternative Hypothesis: H1:** There is an awareness of Personal Financial Planning among

MGNREGA Workers

## Data Analysis and Interpretation

Descriptive statistics of awareness along the three dimensions—savings, investment, and insurance are given in Table 1. The mean scores for awareness capture the fact that the participants were moderately aware on all the dimensions. Specifically, the mean score on savings awareness was 3.22 (SD = 0.64), capturing a level of awareness slightly above the mean for the dimension. The mean for investment awareness was 3.12 (SD = 0.61), and for insurance awareness was 3.04 (SD = 0.73), both of which capture moderate levels of awareness among the respondents. Standard deviations capture the range of variability in response across each dimension, with insurance awareness capturing the greatest variability.

**Table 1: Descriptive Statistics on Awareness**

	N	Mean	Std. Deviation	Std. Error Mean
Savings Awareness	200	3.2150	.63834	.04514
Investment Awareness	200	3.1214	.60909	.04307
Insurance Awareness	200	3.0425	.72600	.05134

Table 2 presents the results of the one-sample t-tests conducted to determine whether the mean awareness scores in the three dimensions—savings, investment, and insurance—differ significantly from the test value of 3, which represents a neutral point on the Likert scale.

For savings awareness, the t-value was 4.76 with 199 degrees of freedom, and the p-value was less than .001, indicating a statistically significant difference from the neutral point. The mean difference was 0.22, suggesting that respondents' savings awareness was significantly higher than the neutral position.

In contrast, the investment awareness showed a t-value of 2.82 with a p-value of .005, which is also statistically significant. The mean difference of 0.12 indicates a slightly higher awareness than the neutral point.

However, for insurance awareness, the t-value was 0.83 with a p-value of .409, which is not statistically significant. The mean difference was 0.04, implying that the awareness level regarding insurance does not significantly differ from the neutral point.

**Table 2: One sample t test**

	Test Value = 3			
	t	df	Sig. (2-tailed)	Mean Difference
Savings Awareness	4.763	199	.000	.21500
Investment Awareness	2.819	199	.005	.12143
Insurance Awareness	.828	199	.409	.04250

## Findings

The study identified Karnataka's MGNREGA workers to have a moderate level of awareness about savings and investment, with mean scores of 3.22 and 3.12, respectively, both being higher than the neutral score of 3 on the Likert scale. One-sample t-tests confirmed that awareness levels in these categories are statistically higher than neutral levels ( $p < .001$  for savings,  $p = .005$  for investment). Awareness in the case of insurance, however, did not significantly vary from the neutral score, indicating poor awareness in this category. This suggests that although workers have some level of awareness in the context of savings and investment behavior, their awareness of insurance products is zero and warrants special attention through exclusive training programs.

**Savings Literacy:** The majority of respondents demonstrated moderate literacy regarding savings, including the use of bank accounts, fixed deposits, and recurring deposits. Mean scores were significantly above neutral levels.

**Investment Literacy:** Moderate awareness was observed regarding investment avenues such as post-office schemes, chit funds, and gold. However, awareness of mutual funds, equities, and digital investments was limited.

**Insurance Literacy:** The lowest scores were recorded in this domain, with many respondents either unaware of or unable to understand insurance schemes. T-test results revealed no significant difference from neutral scores, confirming the lack of awareness.

## Suggestions

Based on the results, it is advisable to create and execute specialized financial literacy initiatives that concentrate on insurance products to improve awareness within this field. Partnering with local non-governmental organizations, government entities, and financial institutions could support the coordination of awareness camps, workshops, and door-to-door outreach efforts, thereby engaging a wider array of MGNREGA laborers. Incorporating financial education components into existing programs or initiatives may facilitate the institutionalization of these endeavours, rendering financial literacy a routine aspect of

the workers' engagements. To address literacy challenges, it is recommended to utilize visual, auditory, and mobile educational resources to render information more accessible and captivating. Furthermore, initiatives should be undertaken to bolster confidence in formal financial entities through educational sessions that highlight the advantages of savings, investments, and insurance, while simultaneously clarifying any prevalent misconceptions. On the policy front, embedding financial literacy as a compulsory element in rural development and employment initiatives, along with specific funding, can promote sustainability. Ultimately, the establishment of regular monitoring and evaluation processes will aid in gauging the efficacy of these programs and facilitate ongoing enhancements grounded in feedback and changing requirements.

The study concludes that **financial literacy among MGNREGA workers in Karnataka is moderate in savings and investment, but very low in insurance awareness**. This imbalance limits their capacity for long-term financial security and sustainable livelihood.

### Recommendations:

1. **Targeted Financial Education Programs:** Special emphasis on insurance literacy through workshops, village-level campaigns, and integration with SHGs (Self-Help Groups).
2. **Policy Interventions:** Government and NGOs should collaborate to design customized insurance awareness drives and simplify access to schemes such as **PMJJBY (Pradhan Mantri Jeevan Jyoti Bima Yojana)** and **PMFBY (Pradhan Mantri Fasal Bima Yojana)**.
3. **Community-Based Approach:** Leveraging SHGs, local cooperatives, and panchayats to spread financial awareness in a culturally contextualized manner.
4. **Digital Financial Literacy:** Training programs to encourage digital transactions and awareness of online financial services, ensuring inclusion in the era of digital banking.
5. **Continuous Monitoring:** Periodic evaluation of financial literacy levels to assess the effectiveness of interventions and modify programs accordingly.

### Conclusion

The results of the study confirm that Karnataka MGNREGA workers possess a much higher level of awareness in savings and investment aspects than the neutral 3 on the Likert scale. In particular, the savings awareness was much higher, pointing to the fact that these workers possess a relatively higher level of awareness of saving means. The awareness of investments was also higher than the neutral point, albeit to a lesser degree.

However, the awareness level for insurance did not differ significantly from the middle point, indicating the absence of knowledge or awareness of the topic among the participants. Overall, despite a moderate awareness about savings and investment, insurance understanding is low, and this indicates the need for targeted financial education programs that would increase understanding and use of insurance products among MGNREGA workers.

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