

# AN EMPIRICAL STUDY ON FINANCIAL LITERACY AMONG WORKING INDIVIDUALS IN RURAL AREAS IN MAHARASHTRA WITH SPECIAL REFERENCE TO WARDHA

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## Abstract

*In order to promote economic empowerment and enhance the financial well-being of both individuals and communities, financial literacy is essential. In rural areas, financial literacy is not only important for empowering individuals but also acts as a catalyst for greater economic growth and the eradication of poverty. The central Maharashtra region of Wardha is primarily rural and has distinct socio-economic features. The present research examines the current level of financial literacy and identifies the major variables impacting financial knowledge among individuals of Wardha region. Data was collected from 200 working individuals of rural areas through structured questionnaire and data was analysed using appropriate statistical tools. According to preliminary research, there are significant differences in financial literacy amongst working individuals as regards demographic groups, income, and education level which are important predictors of financial literacy. The qualitative analysis offers insightful information about the challenges encountered while improving financial literacy in rural areas. The findings of the study reveals that banks and post offices continue to be the financial institutions that the majority of rural residents trust the most.*

**Keywords:** Financial Literacy, Financial Knowledge, Financial Wellbeing, Economic Empowerment

## INTRODUCTION

Maharashtra's eastern region is home to the Wardha district. Its overall geographical area is 6309 square kilometers, divided into 8 blocks. 4.39 lakh ha of the entire area are cultivable, out of 6.29 lakh ha total area. The district receives 1057 mm of rainfall on average year. 13 lakh people live in the district as per the 2011 Census, with 8.77 lakh (67%) living in rural regions.

Financial literacy has been an important field of study in recent years. The significance of having financial literacy has increased significantly in light of the complexity of today's market structures and the wide range of financial products that are accessible. People who possess financial literacy are better equipped to handle their money wisely and make educated choices when it comes to investing in the stock market. The knowledge, abilities, and awareness people have about financial concerns in primarily rural or agricultural communities is referred to as financial literacy in rural areas. It includes comprehending a range of financial ideas, adapted to the unique requirements and conditions of rural communities, including budgeting, saving, investing, borrowing, and debt management.

Key components of financial literacy in rural communities include the following:

**Financial Services Accessibility:** Traditional financial services may be less readily available in rural places. Initiatives for financial literacy in these communities frequently concentrate on enhancing access to banking, being aware of various financial goods (such as insurance, loans, and savings accounts), and making use of alternative financial services like mobile banking or microfinance organizations.

**Saving and Budgeting:** It's essential to teach people in rural areas how to make and adhere to a budget in order to manage sporadic revenue streams, particularly in communities that rely heavily on agriculture

**Recognizing Financial Risks:** Natural disasters, changes in the market, and other factors might pose particular financial risks to rural populations. Financial literacy initiatives aim to educate individuals on risk management strategies, such as diversifying income sources, purchasing insurance, and building emergency savings.

## NEED AND IMPORTANCE OF THE STUDY

To properly manage their funds, develop future plans, and make educated financial decisions, people must possess a certain level of financial literacy. Nonetheless, when it comes to financial literacy, rural communities frequently lag behind metropolitan ones. This research attempts to bridge this knowledge gap by examining the

degree of financial literacy among working people in Rural Maharashtra especially in Wardha. This study's conclusions may have significant policy ramifications. Policymakers can create focused initiatives and programs to enhance financial education and inclusion in rural areas by taking into account the degree of financial literacy in these places. It can also provide policymakers with information regarding the particular financial literacy requirements of working people in rural Maharashtra.

## LITERATURE REVIEW

- 1. Mandell and Klein (2009)**, The study looks at how a financial management course affects 79 high school students in different ways. The results show that there was no significant difference in the level of financial literacy between students who completed the financial management course and those who did not.
- 2. Agarwal et. at. (2010)**, investigate the financial literacy of several groups that have used an online investment service in their 2010 study. Their results show that when it comes to answering survey questions, men respondents do better than female respondents. They also find that respondents' investment aggressiveness and educational attainment are correlated, with more education translating into more forceful investing. The study also shows that respondents have a certain level of financial literacy.
- 3.** According to Dr. Shamira Malekar, Brahmabhatta, and P.S. Raghu Kumari's 2012 article "A study of investor behaviour on investment avenues in Mumbai Fenil," investor perception provides an accurate indicator of how investors see a company's products and services. Their study's main goals are to investigate investor behavior and determine the needs of both present and potential investors. One hundred investors made up the research sample. According to the report, investors generally follow a cautious decision-making pattern, which is suggestive of a survivalist mindset in the current economic environment.
- 4. Kanti and Kumar (2013)** made a number of recommendations based on their study on investors' post office saving programs in Madukkarai block, Coimbatore, with an emphasis on investing awareness, preferences, satisfaction, objectives, and purpose. They support offering consumers quick services to save their precious time, introducing new savings programs designed specifically for rural residents, upgrading the post office's infrastructure, and having employees that are more personable.
- 5. Poongodi and Gowri (2016)**, The study looked at the differences between working women's saving and investing behaviors and their level of financial knowledge. The results showed that women have a high level of understanding, or financial literacy, of modern, technically riskier capital market possibilities as well as traditional routes for saving and investing.

## OBJECTIVES OF THE STUDY

### Objectives

- 1.** To assess the level of financial awareness among working individuals residing in rural areas of Maharashtra, particularly in the Wardha district.
- 2.** To explore the relationship between various demographic factors with financial literacy among working individuals in rural areas of Maharashtra, particularly in the Wardha district.
- 3.** To make necessary suggestion for improvement in financial literacy of rural working individuals.

### Hypothesis

- H1: There is a significant relation between gender and financial literacy level.  
H2: There is a significant relation between education and financial literacy level.  
H3: There is a significant relation between income and level and investment pattern.

## RESEARCH DESIGN AND METHODOLOGY

Data from 200 residents of Maharashtra's Wardha district were collected for the descriptive study, which included a probability cluster sampling technique and a structured questionnaire. There were no secondary sources consulted over the course of the investigation; the information source is exclusively primary in character. Interviews were conducted with homes in the Wardha district in order to gather the main data. Ten clusters were chosen for the data collection, with a sample size of one to ten families per cluster. Chi-square method was used to assess this data in addition to other qualitative and quantitative methods. People from different professions and demographics were taken into consideration when collecting the data in order to remove any prejudice related to age, gender, occupation, and status. People from different demographics and occupations were taken into consideration in order to remove any bias related to age, gender, status, and occupation. Statistical analysis was performed on each set of data using SPSS and Excel based on the obtained data.

## DATA ANALYSIS

The results of the data analysis showed that:

The data collected by structured questionnaire to 200 respondents. Questionnaire was grouped in 3 different categories and each category had questions based on financial awareness. The data obtained was tabulated and analyzed using the Chi-square method to determine the significance test. Chi-square test results and precise significance (p-values) are supplied along with the data. Every test was carried out with a significance level of  $\alpha = 0.05$ .

### Hypothesis Testing

**H1: there is a significant relation between gender and financial literacy level.**

Table 1.1

Count		gender1 * Financial Awareness Cross tabulation			
		Financial Awareness			
		Very Familiar	Somewhat familiar	not at all familiar	Total
gender1	Male	13	110	0	123
	Female	0	41	36	77
Total		13	151	36	200

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	73.857 <sup>a</sup>	2	.000
Likelihood Ratio	89.984	2	.000
Linear-by-Linear Association	66.799	1	.000
N of Valid Cases	200		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.01.

Table 1.1 presents information regarding the relationship between gender and financial awareness. The table represents that males have better financial awareness than females. The degree of freedom is connected to the chi-square statistic's computed value. The alpha value (0.05) is greater than the p-value. Thus, we can **reject the null hypothesis that there is no significant relation between gender and financial literacy level.**

**H2: There is a significant relation between education and financial literacy level.**

Table 1.2

Count		Education1 * Financial literacy Cross tabulation			
		Financial literacy			
		Very Familiar	Somewhat familiar	not at all familiar	Total
Education1	10th	12	0	0	12
	12th	1	36	0	37
	Under-Graduate	0	47	0	47
	Post-Graduate	0	68	36	104
Total		13	151	36	200

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.218E2 <sup>a</sup>	6	.000
Likelihood Ratio	136.045	6	.000
Linear-by-Linear Association	75.042	1	.000
N of Valid Cases	200		

a. 4 cells (33.3%) have expected count less than 5. The minimum expected count is .78.

Table 1.2 presents information regarding the relation between education and financial literacy level. The table illustrates that respondents with higher levels of education had better financial awareness than respondents with lower levels of education. The degree of freedom is connected to the chi-square statistic's computed value.

The alpha value (0.05) is greater than the p-value. Thus, we can reject the null hypothesis that there is no significant relation between education and financial literacy level.

**H3: There is a significant relation between income and level and investment pattern.**

Table 1.3

Count Income1 * Investment Cross tabulation								
		Investment						Total
		Fixed Deposits	Mutual Funds	Stocks	Gold/Silver	Real Estate	Post Office Saving scheme	
Income1	3-4 lakhs	45	0	0	0	0	0	45
	4-5 lakhs	15	0	0	0	0	0	15
	5-6 lakhs	0	30	12	1	0	0	43
	more than 5 lakhs	0	0	0	34	14	49	97
Total		60	30	12	35	14	49	200

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.935E2 <sup>a</sup>	15	.000
Likelihood Ratio	407.967	15	.000
Linear-by-Linear Association	154.532	1	.000
N of Valid Cases	200		

a. 10 cells (41.7%) have expected count less than 5. The minimum expected count is .90.

Table 1.3 presents information regarding there is a significant relation between income and level and investment pattern. The table illustrates the divergent opinions among the respondents on the numerous investing options. Fixed deposits and the Post Office Savings Plan, however, were given greater priority.

The degree of freedom is connected to the chi-square statistic's computed value. The alpha value (0.05) is greater than the p-value. Thus, we can reject the null there is no significant relation between income and level and investment pattern.

## FINDINGS

- The majority of respondents, or 75.5% of the sample, had average financial literacy, while 18% had no financial literacy, according to the overall assessment of the respondents' financial literacy level.
- When financial literacy among respondents was analyzed by gender, it was found that men had a little greater percentage of good financial literacy than women.
- The age group over 50 had the highest percentage of positive financial literacy, according to an examination of the respondents' financial literacy by age. Additionally, the results indicate that as respondents' ages increase, so does their financial knowledge.
- According to an analysis of respondents' financial literacy based on their educational attainment, the proportion of respondents with strong financial literacy rises as respondents' educational attainment rises. Postgraduates exhibited the highest percentage of favorable financial attitude.
- Based on a review of income groups, the divergent opinions among the respondents on the numerous investing options. Fixed deposits and the Post Office Savings Plan, however, were given greater priority.

## CONCLUSION

The study examines the financial literacy of the respondents of Wardha district of Maharashtra and the result shows that the financial literacy level is moderate. Chi-square method was used to the relation between financial literacy and socio- demographic profile of the respondents. The result shows that gender, age, income, education, have a relation with the financial literacy level. Therefore, in order to close the financial literacy gap, efforts should be undertaken to offer financial resources and knowledge to working people from lower socioeconomic

backgrounds. Working people in rural regions have a need for financial knowledge and assistance, thus efforts should be made to meet this need by offering workshops, seminars, and online resources.

## SUGGESTIONS

In order to effectively promote financial literacy in Maharashtra's rural areas, a multidimensional strategy that takes into account the particular demands and constraints of these people is needed. Here are some recommendations:

- According to the research, working people in Maharashtra's rural districts view financial education as crucial.
- Although over 50% of the respondents expressed a reasonable level of satisfaction with the financial education materials accessible in Maharashtra's rural districts. More resources are still required to raise working people's financial literacy in rural areas. It is important to create and disseminate financial education resources that working people in rural areas can easily access and comprehend.
- According to the research, most respondents maintained a savings bank account and made monthly deposits. To increase their financial progress, working people in rural areas must be encouraged to put their savings into financial products like bonds, mutual funds, and stocks.

## LIMITATIONS

The study is limited to the Maharashtra district of Wardha. The findings might or might not indicate a nationwide trend. Furthermore, it's possible that respondents provided false information or gave biased answers to different questions. The legitimacy of certain responses may be impacted by the fact that some respondents were even unwilling to provide personal information.

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