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A STUDY ON FINANCIAL LITERACY AMONG ILLITERATES IN RURAL AREAS OF WANAPARTHY DISTRICT IN TELANGANA STATE

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ABSTRACT

The objective of this study is to measure the financial literacy levels among illiterates in the surrounding rural areas of Wanaparthy district, Telangana by using survey based analysis. To achieve the objective of this study 300 families were selected randomly from the rural areas of Wanaparthy district and the Questionnaire was used to assess the basic financial literacy of them. The achieved data is compared with reported data. It is found that financial literacy in rural area is increasing but at a slower pace due to development over the previous five years however the insurance policy/products is yet to be increased. This paper describes the reasons for increase in financial literacy and suggests suitable recommendations in the area of insurance policy/products to move India into digital financial inclusion through cost-effective, convenient and secure means which bring the unbanked rural households into mainstream of the Indian economy.

Keywords: financial literacy, financial decisions, Wanaparthy rural illiterates, Women.



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INTRODUCTION

Financial literacy is the possession of the skill set and knowledge that allows an individual to make informed and intellectual financial decisions with available financial resources. Lack of Financial literacy make individuals to fail in making right choices regarding financial decisions. The need for financial literacy is increasing due to rapid growth in Indian economy. Over the last ten years, expansion of financial markets through new economic policy (liberalization, privatization and globalization), inevitable changes in technology and major changes in banking, investments and loan products. Government also coming up with many initiatives to impart knowledge about financial instruments and to inculcate saving habits in public for the benefit of individuals as well as nations economic sustainability. The attractive changes in loan products provided various national banks, agricultural banks and other financial institutions helps the rural public not to be trapped by the local money lenders.

Most of the rural families opened saving accounts in banks or post offices because of various government welfare scheme like wages from Mahatma Gandhi National Rural Employment Guarante Act 2005 , old age,disability,widow pensions& agricultural pension, getting LPG and other subsidies, etc... most of these families are aware of basic economic and financial concepts because of digitalization of

transactions and especially Covid-19 pandemic lockdown taught most of the public to utilize digital banking or mobile banking but still they need more financial concepts and knowledge in making sensible savings, investment decisions through proper channels and utilization of digital banking or financial tools for effective use.

This study is concentrated on the financial literacy among the rural illiterate women by using a survey. The data is collected and reported along with the reasons. Proper recommendations are given wherever required.

STATEMENT OF THE STUDY

The problem selected for investigation in the area of financial literacy among daily wages women who are uneducated at different parts of wanaparthy district.

Need for the Study:

As it is known that India is lacking behind (search data about finicial literacy among educated). This study is made to understand how much the uneducated people know about financial literacy. It is also explained that are they really taking measures with sound knowledge about it or following someone who know about it. As India is heading towards digitalization, a survey has been done to know the areas where India has been progressed and still the work to be done.

Survey questions

The Survey Questions derived from these areas are as follows:

1. Whether these families have saving account in any bank or post office?
2. Whether any family member have any insurance policy?
3. Does these families have any daily finance based loans or loans from local money lenders?
4. Does these rural illiterates having chits or chit funds under any unorganized sector or under local money lenders?
5. Does these people aware of mutual funds and share market?

RESULTS AND DISCUSSION

The below graph reveals about majority of rural illiterates have the saving habits in an organized way through banks and post offices. This might be due to the government initiation for cash free transactions.



Figure 1: Saving habits of the rural illiterate

From the below graph it is very clear that the awareness of insurance among the rural public is very less. Religious sentiments, personal emotions, phobias and other blind beliefs make the illiterate not to have insurance for their life.

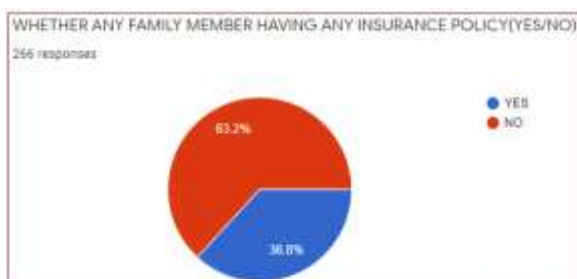


Figure 2: Awareness on Insurance Products

We can know the result of changes in loan products provided by government banks and other financial institutions from the below graph as they prevents rural people not to be in the hands of local selfish money lenders. This is the most beautiful thing happening in the villages now a days regarding short term loans providing for various productive and nonproductive activities.

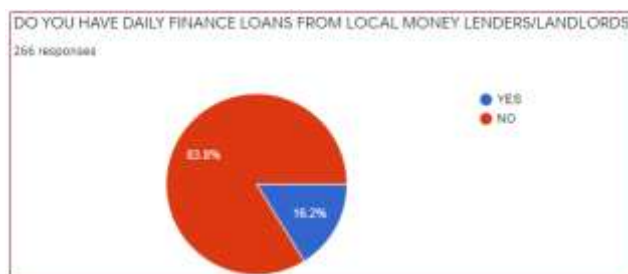


Figure 3: Awareness on Loans provided by banks

One more important thing we can say from the below graph is the rural people are knowing the importance of organized financial and banking system for their savings and they are not using the chits or chit funds as saving channel because of the increasing frauds and fraudulent chit managers in unorganized system.

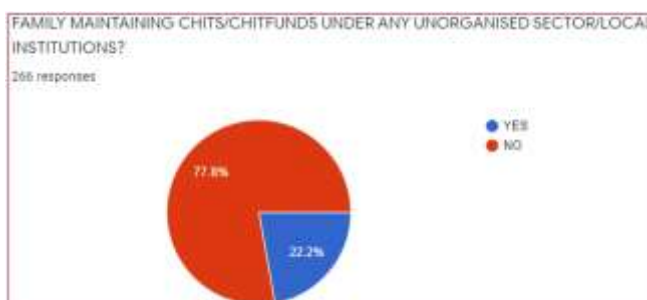


Figure 4 : Saving habit of rural illiterate through chits

From the below graph it is very clear that rural illiterates are very poor in the knowledge of mutual funds and share market.93.3% are unaware of financial instruments and investment options in mutual funds and share market.

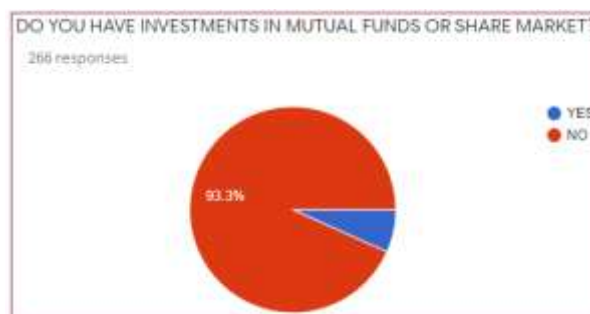


Figure 5 :Awareness on Mutual funds and Share market in rural illiterate

Survey Questions	Response-Yes	Response-No
1.Do You Have Saving Account In Any Bank Or Postoffice?(Yes/No)	275	25
2.Do You Have Any Insurance Policy?(Yes/No)	102	198
3.Do You Have Any Micro Finance/Daily Finance Loans?	61	239
4.Do You Have Chits/Chitfunds Under Any Unorganised Sector/Local	63	237

Institutions?		
5.Do You Have Any Investments In Mutual Funds And Sharemarket?	2	298

in financial matters and they can also manage their finances in a better way from their early age onwards.

Students can choose a career as financial adviser which helps them to handle their college expenses and do higher studies.

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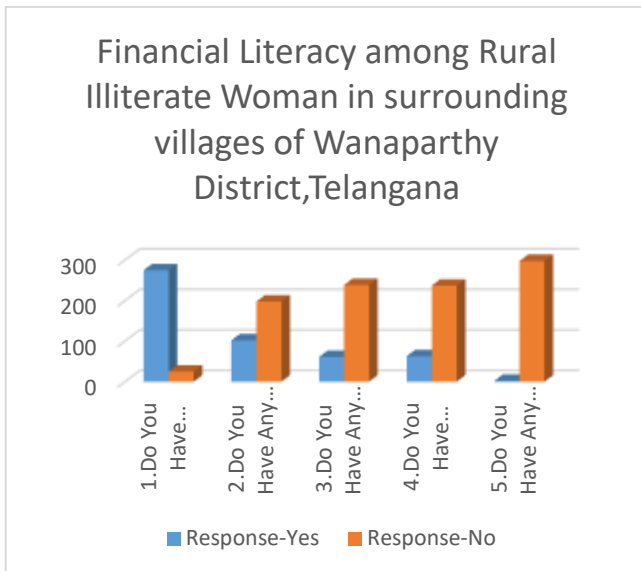


Figure 6: Financial literacy among rural illiterate women, Wanaparthy, Telangana, India

CONCLUSION:

Prior to this study we known that the financial literacy among the rural illiterates was very poor but after conducting this study surprisingly it is increasing but in a slower pace. Now a days there are variety of saving schemes, investment options and different insurance plans are available in the market provided by banks and other financial institutions but the rural illiterates are unaware of all these. Rural illiterates are performing poor in handling the digital banking and mobile banking technology and tools. All these factors led the rural illiterates still to be the financial illiterates.

RECOMMENDATIONS:

Government should concentrate more on these rural illiterates as the basic financial literacy is increasing and need to improve more in many ways by educating them in utilizing different banking and investment options in the regularized financial market and to aware about the importance of the Insurance .

Conducting campaigns, workshops on financial literacy are required and financial education days or weeks to be organized using college students who have sound knowledge about it.

Inclusion of financial literacy as a subject curriculum in school and college irrespective of their discipline can be more helpful because when the students are aware of then they will influence their families to take effective decisions