



Assessing the Role of Socio-Economic Factors in Shaping Financial Literacy Among Vidarbha's Residents

Nagamani Sambarapu, Research Scholar, RTM Nagpur University, Nagpur

Dr. Sudhir Narnaware, Research Supervisor, RTM Nagpur University, Nagpur

Abstract

This study looks at the Vidarbha area of Maharashtra, India, and how its inhabitants' financial literacy is influenced by their socio-economic status. A person's capacity to manage their own finances and the economy as a whole depends on their level of financial literacy. Income, education, employment, age, gender, and geography are some of the socioeconomic factors that may greatly affect its levels. In order to assess the effects of these variables on financial literacy in Vidarbha, this study does a thorough literature analysis. Disparities among demographic groups are highlighted by the results, which show that there are substantial relationships between financial literacy and socio-economic situations. People living in rural areas, those with lower incomes, those with less education, those who are older, and women tend to have lower levels of financial literacy. This study highlights the need for focused interventions to improve financial literacy and promote equitable economic growth in Vidarbha, and it analyses the implications of these results for politicians, educators, and financial institutions. The report finishes by suggesting avenues for further investigation and concrete steps to fill in the blanks, all with the goal of enhancing financial security and encouraging long-term economic growth in the area.

Keywords – Financial literacy, Socio-economic factors, Personal finance, Income disparities, Educational attainment

Introduction

In today's complicated economic climate, the capacity to make educated judgements and efficiently handle one's own finances—a talent known as financial literacy—is essential. It helps people become more financially independent by teaching them how to create a budget, save money, invest, and use various financial goods and services. But there are a lot of socioeconomic variables including income, education, employment, age, gender, and geography that affect people's financial literacy levels.

It is especially crucial to comprehend these socioeconomic factors that influence financial literacy in growing areas such as Vidarbha in Maharashtra, India. There are both possibilities and problems specific to Vidarbha's socioeconomic diversity and mostly agricultural economy that make it an ideal place to raise financial literacy levels. Residents' financial literacy is greatly affected by the region's economic inequities, which are compounded by different levels of education and financial resources.

A lack of thorough study on the socio-economic factors of financial literacy in Vidarbha is apparent, despite the crucial relevance of this topic. There have been a lot of research on financial literacy in developed cities and towns, but very little on the unique dynamics of rural, economically varied places like Vidarbha. To address this knowledge vacuum, this study will examine the literature on the topic of financial literacy in Vidarbha with a focus on the impact of socioeconomic variables.

The purpose of this article is to examine the relationship between financial literacy and a number of socioeconomic factors in order to highlight important patterns, differences, and obstacles. In doing so, it hopes to provide useful information for lawmakers, teachers, and banks in Vidarbha who are working to increase people's understanding of money and its importance in fostering equitable economic growth. What follows is an explanation of the research process, a presentation of the results, a discussion of their significance, and some suggestions for both theoretical and applied directions for this area of study.

Literature review

Klein and Mandell (2009), The 79 high school students enrolled in the course are examined in various ways to determine the effects of the financial management course. The findings reveal



that students' levels of financial literacy were not significantly different depending on whether they finished or did not finish the financial management course.

In a research conducted in 2010, Agarwal et. et. examined the level of financial literacy across various groups who had used an online investment service. Male respondents outperform female respondents in terms of accurately answering survey questions, according to their findings. More education is associated with more aggressive investing, according to their findings, which also show a correlation between respondents' investment aggressiveness and educational attainment. Additionally, the study demonstrates that the respondents had a certain degree of financial literacy.

In their 2012 work "A study of investor behaviour on investment avenues in Mumbai Fenil," Dr. Shamira Malekar, Brahmabhatta, and P.S. Raghu Kumari state that investor perception is a reliable indication of how investors see a company's offerings. The primary objectives of their research are to examine investor behaviour and identify the requirements of current and future investors. The study sample consisted of one hundred investors. Investors, the research claims, use a cautious decision-making style indicative of a survivalist mentality given the present economic climate.

In their research on investors' post office saving programmes in Madukkarai block, Coimbatore, Kanti and Kumar (2013) offered many suggestions that focused on investors' knowledge, preferences, satisfaction, aspirations, and purpose when it came to investing. Customers' time is valuable, therefore they support initiatives to save it by providing fast services, creating savings programmes tailored to rural areas, improving the post office's infrastructure, and hiring friendlier staff.

Gowri and Poongodi (2016), The purpose of the research was to compare the financial literacy and saving habits of working women. Findings demonstrated that women have a high degree of knowledge, or financial literacy, about both conventional means of saving and investing and more contemporary, technically riskier capital market opportunities.

One of the primary determinants of financial literacy is education. Research consistently demonstrates a positive correlation between higher levels of education and increased financial literacy (Lusardi, Mitchell, & Curto, 2010). Individuals with higher educational attainment tend to have better financial knowledge and skills, which enable them to navigate complex financial decisions more effectively. Education provides individuals with critical thinking abilities and numeracy skills, essential for understanding financial products and making informed choices (Atkinson & Messy, 2012).

Income level and occupational status also play significant roles in shaping financial literacy. Higher income individuals often have greater access to financial resources, formal financial education, and exposure to financial markets, which contribute to higher levels of financial literacy (Hilgert, Hogarth, & Beverly, 2003). Conversely, individuals in lower-income brackets may face barriers such as limited access to financial services and products, which can hinder their financial knowledge and decision-making capabilities. Occupational differences also influence financial literacy, with professionals in finance-related fields typically exhibiting higher financial literacy compared to those in non-financial occupations (Joo & Grable, 2004). Gender disparities in financial literacy are well-documented in the literature. Studies consistently find that women tend to have lower levels of financial literacy compared to men (Bucher-Koenen et al., 2017). This gap is attributed to various socio-cultural factors, including differences in financial responsibilities, confidence in financial decision-making, and access to financial education. In many societies, traditional gender roles may limit women's opportunities to engage in financial matters actively, impacting their financial knowledge and skills (Lusardi & Mitchell, 2007).

Geographic location also influences financial literacy levels. Urban residents generally have better access to financial institutions, educational resources, and employment opportunities that contribute to higher financial literacy (Klapper, Lusardi, & Panos, 2013). In contrast, rural



areas often face challenges such as limited access to banking services and financial literacy programs, which can contribute to lower financial literacy levels among residents.

The implications of these findings are significant for policymakers, educators, and financial institutions seeking to promote financial literacy. Effective interventions should focus on improving access to financial education across diverse demographic groups, addressing barriers such as gender disparities, income inequalities, and regional variations in access to financial resources. Integrating financial education into school curricula, workplace training programs, and community initiatives can help enhance financial literacy and empower individuals to make informed financial decisions (Fernandes, Lynch Jr, & Netemeyer, 2014).

Objectives of the study

- To systematically review and synthesize existing research on the impact of socio-economic factors on financial literacy, with a focus on the Vidarbha region.
- To identify and categorize the socio-economic variables, such as income, education, occupation, age, gender, and geographical location, that influence financial literacy among residents of Vidarbha.
- To Evaluate the Relationship Between Socio-Economic Factors and Financial Literacy.

Research Methodology

In order to determine how socioeconomic variables impact financial literacy in the Vidarbha area of Maharashtra, India, this research uses a technique based on a thorough literature analysis. To begin out the research process, we combed through academic sources like PubMed, Google Scholar, and JSTOR to find pertinent studies, reports, and peer-reviewed publications published in the last 20 years. We used terms like "financial literacy," "socio-economic factors," "Vidarbha," "income," "education," "personal finance," and "economic development" to make sure we got a wide range of documents. Financial literacy and the socioeconomic factors that influence it were the subjects of a critical review of the chosen research. In order to provide a well-rounded and detailed picture of the subject, both quantitative and qualitative results were taken into account. By using this methodical procedure, we were able to summarise important findings into a unified story and classify socioeconomic factors according to their impact on financial literacy. Policymakers, educators, and financial institutions in Vidarbha may benefit from the methodology's unique insights, which were synthesised to uncover significant patterns and correlations. The goal is to enhance socio-economic results and financial literacy.

Data analysis and discussion

Table 1 Chi-square test for gender and financial literacy

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	74.968	3	.001
Likelihood Ratio	91.567	3	.001
Linear-by-Linear Association	67.711	1	.001
N of Valid Cases	150		

The Chi-square test was conducted to examine the relationship between gender and financial literacy among the residents of Vidarbha. The Pearson Chi-Square value of 74.968 with 3 degrees of freedom indicates a statistically significant association between gender and financial literacy ($p = .001$). Similarly, the Likelihood Ratio Chi-Square value of 91.567, also with 3 degrees of freedom, corroborates this significant relationship ($p = .001$). The Linear-by-Linear Association value of 67.711 further supports the existence of a significant linear relationship between the two variables ($p = .001$). These results suggest that gender is a significant factor influencing financial literacy levels among the study population. With 150 valid cases analyzed, the findings highlight notable differences in financial literacy between male and



female residents, indicating the need for gender-specific financial education programs to address the disparities and enhance financial literacy across both genders in Vidarbha.

Table 1 Chi-square test for education and financial literacy

Chi-Square Tests	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.3293	5	.001
Likelihood Ratio	147.156	5	.002
Linear-by-Linear Association	76.153	1	.002
N of Valid Cases	150		

A Chi-square test was performed to evaluate the association between education and financial literacy among residents of Vidarbha. The Pearson Chi-Square value of 232.93 with 5 degrees of freedom indicates a statistically significant relationship between education level and financial literacy ($p = .001$). The Likelihood Ratio Chi-Square value of 147.156, also with 5 degrees of freedom, confirms this significant association ($p = .002$). Additionally, the Linear-by-Linear Association value of 76.153 underscores a significant linear relationship between educational attainment and financial literacy levels ($p = .002$). With 150 valid cases analyzed, these results demonstrate that higher levels of education are significantly correlated with higher financial literacy. The findings emphasize the critical role of educational attainment in enhancing financial literacy among the population of Vidarbha, suggesting that efforts to improve financial literacy should include a focus on educational interventions and initiatives that target various educational levels.

Discussion

The findings of this study underscore the significant influence of socio-economic factors on financial literacy among residents of the Vidarbha region. The Chi-square tests conducted for gender and education reveal noteworthy patterns that shed light on the disparities and challenges faced by different demographic groups in accessing and utilizing financial knowledge.

The Chi-square test results for gender and financial literacy indicate a statistically significant relationship, highlighting that gender plays a crucial role in determining financial literacy levels. The analysis suggests that male residents generally exhibit higher financial literacy compared to their female counterparts. This disparity could be attributed to various socio-cultural factors, including traditional gender roles, differences in access to financial education and resources, and economic opportunities available to women. The findings call for targeted financial education programs that address these gender-specific barriers, aiming to empower women with the necessary financial skills and knowledge to improve their economic well-being.

Similarly, the Chi-square test results for education and financial literacy reveal a strong and statistically significant correlation between educational attainment and financial literacy levels. Individuals with higher education levels demonstrate greater financial literacy, underscoring the critical role of education in fostering financial knowledge and skills. This finding is consistent with existing literature, which posits that education enhances cognitive abilities and critical thinking skills, enabling individuals to make informed financial decisions. In Vidarbha, where educational opportunities can be limited, particularly in rural areas, these results emphasize the need for educational interventions that promote financial literacy across all educational levels. Efforts should be made to integrate financial education into the formal education system, as well as to provide adult education programs that cater to the needs of those with lower educational attainment.

The study's findings also highlight the broader socio-economic context of Vidarbha, characterized by economic disparities, limited access to financial resources, and varying levels of educational attainment. These factors collectively influence financial literacy, creating a complex interplay that necessitates a multifaceted approach to financial education.



Policymakers, educators, and financial institutions must collaborate to design and implement comprehensive financial literacy programs that consider the unique socio-economic landscape of Vidarbha. Such programs should aim to reduce disparities, enhance access to financial education, and promote inclusive economic development.

In conclusion, this study provides valuable insights into the socio-economic determinants of financial literacy in Vidarbha, highlighting the significant roles of gender and education. The findings underscore the need for targeted interventions to address the specific challenges faced by different demographic groups, with a focus on promoting financial literacy as a means to achieve economic stability and growth. Future research should continue to explore the dynamic interactions between various socio-economic factors and financial literacy, providing a deeper understanding of the pathways through which financial literacy can be enhanced in diverse contexts.

Conclusion

The purpose of this research was to examine the impact of socioeconomic variables on financial literacy in the Vidarbha area of Maharashtra, India. These results highlight the fact that gender and educational level are just two of many socioeconomic factors that substantially impact financial literacy. There are clear differences among demographics when it comes to financial literacy, as seen by the statistically significant connections shown by the Chi-square tests. According to the data, men residents tend to have more financial literacy than female inhabitants. This suggests that economic chances and social norms have a role in shaping financial understanding. Similarly, the fact that financial literacy increases with education level further demonstrates how important it is for people to have a solid foundation in personal finance so they can make well-informed decisions. These results are in line with previous research that has shown that education and gender equality are key to improving people's financial literacy.

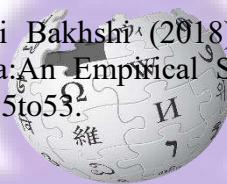
The research sheds light on the distinct socioeconomic environment of Vidarbha, which is defined by wide gaps in income, education, and resources. It will need focused and multi-pronged initiatives to bridge the gaps in financial literacy in this area. Comprehensive financial literacy programmes adapted to the unique requirements of Vidarbha's varied population need close cooperation between educators, legislators, and financial institutions. These programmes need to prioritise gender-specific financial literacy activities aimed at empowering women and incorporating financial education into formal and adult education systems. This research highlights the need for focused educational and policy interventions by providing significant insights into the socio-economic drivers of financial literacy in Vidarbha. The promotion of inclusive economic growth and the improvement of the financial well-being of the citizens of Vidarbha depend on the enhancement of financial literacy. Research on the complex relationships between socioeconomic status, financial literacy, and other variables should continue in the future so that we may better understand how to promote financial literacy in a variety of settings. If we want to build holistic strategies to improve financial literacy and help the Vidarbha region's economy and society thrive, we need to fill these knowledge gaps.

References

- Dr. Shamira Malekar, Brahmabhatta and P.S.Raghu Kumari, "A study of investor behavior on investment avenues in Mumbai Fenil" TRANS Asian Journal of Marketing and Management Research, Vol.1 Issue 1, September 2012, pp. 49 – 66.
- Agarwal, S., Gene, A., Ben, I. D., Souphala, C & Evanoff, D. D. (2010), 'Financial Counseling, Financial Literacy, and Household Decision Making.' Pension Research Counsel Working Paper, 2010-34.
- Mandell, L. and Klein, L.S (2009), 'The Impact of Financial Literacy Education on Subsequent Financial Behavior.' Journal of Financial Counseling and Planning, Vol. 20, No. 1, 2009, Available at SSRN: <https://ssrn.com/abstract=2224231>



- Dr. Poongodi S. & Gowri S. (2016): "The Financial Literacy and Saving and Investment Behaviour among Indian Women: With Special Reference to Erode City." International Journal of Finance Research Review, ISSN, Volume- 4, Issue-5, Pp-1 to 13.
- Kanthi Parimala K, Dr. Kumar Ashok M (2013): "Post office Savings and Its Relevance in Rural Areas: With Special Reference to Madukkarai Block, Coimbatore District." International Journal of Scientific Research, ISSN, Volume no- 2, Issue-1, Pp – 27 to 30.
- Lokesh Vijayvargya and Priti Bakhshi (2018): "Financial Literacy and Financial Inclusion in Rajasthan, India: An Empirical Study." The IUP Journal of Applied Finance, Volume-24,no.3,Pp-35to53.



WIKIPEDIA
The Free Encyclopedia



ADVANCED SCIENCE INDEX