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Financial Literacy For Empowering Financially Marginalized People Of Backward Areas

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Abstract:
Financial Literacy for empowering financially marginalized people is a comprehensive study focused on enhancing the financial literacy of individuals who belong to economically disadvantaged communities. The study recognizes that financial literacy plays a crucial role in empowering marginalized individuals to make informed financial decisions, improve their economic well-being and break the cycle of poverty. The present study highlights the significance of financial literacy as a means to address the unique challenges faced by financially marginalized populations. It emphasizes the need for tailored financial education programs that cater to the specific needs and circumstances of these individuals. The study aims to explore the impact of such programmes on improving financial knowledge, skills and behaviour, ultimately leading to enhanced financial outcomes and increased financial inclusion.
The present study provides a glimpse into the research methodology employed, which includes a combination of qualitative and quantitative approaches. The study involves collecting data through structured questionnaire, interviews and focus groups, and analyzing it to identify key themes, patterns, and insights. The research also examines existing financial literacy initiatives and their effectiveness in empowering marginalized communities. Furthermore, the research highlights the anticipated outcomes of the study, which include a deeper understanding of the financial literacy needs and challenges faced by marginalized individuals.
Keywords*: Financial Literacy, Marginalized People, Empowerment, Rural and Urban*

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I. Introduction:

Financial literacy is a vital tool in empowering financially marginalized individuals residing in backward districts. These communities often face unique challenges related to poverty, limited access to financial services, and a lack of knowledge about managing money effectively. However, by providing them with essential financial education, we can empower individuals to make informed decisions, improve their financial well-being, and break free from the cycle of poverty. This introduction aims to shed light on the importance of financial literacy and outline key concepts that will empower these communities to take control of their financial lives. Further, financial literacy refers to the knowledge and skills needed to make informed financial decisions. It encompasses a range of topics such as budgeting, saving, borrowing, investing, and understanding financial products and services. By acquiring financial literacy skills, individuals gain the confidence and competence to navigate the complex financial landscape and make choices that align with their goals and values.

Financially marginalized individuals often face significant barriers to accessing financial services and information. These barriers may include limited education, low income, lack of awareness, cultural barriers, and distrust of financial institutions. Financial literacy initiatives aim to break down these barriers by providing accessible and culturally relevant information, tools, and resources that empower individuals to overcome these obstacles.

II. Key Concepts in Financial Literacy:

a) Budgeting: Budgeting involves creating a plan for how to allocate income to meet expenses, savings goals, and debt repayment. It helps individuals prioritize their spending and identify areas where they can make adjustments to achieve financial stability.
b) Saving and Investing: Saving involves setting aside money for future needs, emergencies, and long-term goals. Investing, on the other hand, involves putting money into assets that have the potential to grow over time, such as stocks, bonds, or real estate. Understanding the importance of saving and basic investment concepts empowers individuals to build wealth and secure their financial future.

c) Debt Management: Many financially marginalized individuals may struggle with debt. Financial literacy education equips individuals with strategies for managing debt responsibly, understanding interest rates, avoiding predatory lending practices, and working towards becoming debt-free.
d) Banking and Financial Services: Access to banking services is crucial for financial inclusion. Financial literacy initiatives introduce individuals to basic banking services, such as opening bank accounts, understanding fees and charges, and using electronic payment methods. This knowledge enables individuals to utilize financial services effectively and avoid potential pitfalls.

Financial literacy empowers financially marginalized communities by providing them with the knowledge and skills to take control of their finances. It enables individuals to set goals, make informed decisions, save for the future, manage debt responsibly, and pursue entrepreneurial opportunities. By promoting financial literacy, we can break the cycle of poverty, foster economic growth, and empower individuals to create a better future for themselves and their communities.

III. Importance

Financial literacy plays a crucial role in empowering financially marginalized people, especially those residing in backward districts. By equipping them with knowledge and skills related to personal finance, budgeting, savings, and investments, individuals can make informed decisions, improve their financial well-being, and break the cycle of poverty. Here are some key steps to promote financial literacy in such communities:

Assess the needs: Conduct a thorough assessment of the financial literacy needs of the community. Identify their existing knowledge gaps, challenges, and aspirations. This assessment will help tailor financial education programs to their specific needs.

Collaborate with local organizations: Partner with local community organizations, NGOs, and government agencies to leverage existing networks and resources. These organizations can provide valuable insights into the community's needs and help facilitate the delivery of financial literacy programs.

Develop culturally appropriate materials: Create financial literacy materials and resources that are culturally relevant, easy to understand, and accessible to individuals with low literacy levels. Use simple language, visuals, and examples that resonate with the community's culture and daily lives.

Conduct workshops and training sessions: Organize workshops and training sessions to deliver financial education content. These sessions should cover topics such as budgeting, saving, debt management, banking services, and basic investment concepts. Provide interactive and hands-on activities to enhance learning and engagement.

Offer one-on-one counseling: Provide individualized counseling and support to community members who require personalized assistance. This can help address specific financial challenges, such as debt management or financial goal setting.

Promote savings and banking services: Educate individuals about the benefits of savings and the different banking services available. Encourage them to open bank accounts, introduce them to basic banking transactions, and highlight the importance of building a savings habit.

Foster entrepreneurship and income generation: Empower individuals to explore income-generating activities and entrepreneurship. Provide guidance on starting small businesses, accessing microcredit facilities, and developing sustainable livelihoods. Promote financial planning for business ventures and risk management.

Use technology and mobile platforms: Leverage technology, such as mobile applications and online platforms, to deliver financial literacy content and tools. This approach can reach a larger audience, especially in areas with limited physical infrastructure.

Monitor and evaluate impact: Continuously monitor and evaluate the impact of financial literacy initiatives. Gather feedback from participants, track behavioral changes, and measure improvements in financial well-being. This data will help refine the programs and demonstrate their effectiveness to stakeholders.

Long-term sustainability: Aim for long-term sustainability by fostering local leadership and building the capacity of community members to continue financial literacy efforts. Train and empower local individuals to become financial mentors or educators, ensuring the program's continuity.

Remember, financial literacy is a continuous process, and it requires ongoing support and reinforcement. By empowering financially marginalized individuals with knowledge and skills, you can help them take control of their financial lives and work towards a more prosperous future.

IV. Review of Literature

Financial literacy plays a crucial role in the economic well-being and empowerment of individuals, particularly those who are financially marginalized. This literature review aims to explore the existing research on financial literacy among financially marginalized populations. The review examines various dimensions of financial literacy, including its conceptualization, measurement, and the factors influencing financial literacy levels. Additionally, it investigates the impact of financial literacy on the financial behavior and outcomes of marginalized individuals. The findings highlight the importance of tailored financial education programs and policies to enhance financial literacy and promote financial inclusion among marginalized populations.

Ramesh Prasad Chaulagain opines that the theories of behavioral study also show that the behavior of the individuals are subject to change their knowledge, skill and attitude. Similarly, the agenda of empowerment and transformation are relative, contextual and dynamic in nature. This study concludes that empowerment is one of the prime concerns of those people who are still marginalized and excluded from the mainstream of societies from several aspects. The paper stands on the assumption that the financial literacy simply works all around the place in the similar degree and directions. This approach believes that financial literacy is more relevant for the marginalized people and one of the tools of national development through empowering the marginalized and excluded people.

Dinesha, P.T (2018) opined that sound financial management is critical to the process of accumulating all kinds of assets and preserving them. However, financial conditions of these sections are very pathetic and one of the main reasons is the lesser knowledge in managing financial matters and it leads to financial exclusion. Studies also reveal that despite making significant improvements in all the areas relating to financial viability, profitability and competitiveness, there are concerns that Indian formal financial institutions have not been able to include vast segment of the population, especially the underprivileged sections of the society, into the fold of basic banking services.

Shekar et al, (2018) the researcher clearly stated the confusions among the public about new banking rules and regulations has proven the need of immense financial education for attracting the customers and also for the long-term sustainability of customers in the banking sector for the financial stability of India. The present study has made an attempt to know the status of financial literacy and financial inclusion in the state of Karnataka. The article also focuses on the demographic aspects for comparative analysis with the financial literacy and financial inclusion status of Karnataka. The article confirms that, Karnataka population has comparatively good and reasonable financial literacy and financial inclusion rate as compare to the overall financial literacy and inclusion rate of India and also to the rest of the States in country.

Here, the review focuses on the factors that influence financial literacy among financially marginalized populations. It examines socio-demographic characteristics, educational attainment, income levels, access to financial services, and cultural factors that may impact financial literacy levels.

Objectives.

01. To critically evaluate the differences that exist in the level of financial literacy of the rural and urban population.
02. To analyse the relationship between financial literacy and socio-economic and demographic factors.

Hypothesis:

01. There is no significant relationship between gender and financial literacy level of the respondents.

Research Methodology:

The main objective of the present study is to examine the level of financial literacy among the population of Chamarajanagar district. For the purpose of the study 200 respondents residing in the Rural areas and 200 respondents residing Urban areas was chosen. For the purpose of the study both primary and secondary data were used. Primary data were collected with the support of structured questionnaire, which was administered to selected respondents. Whereas, the required secondary data were collected from published sources like articles published by the journals of repute and some electronic resources. For the purpose of the research, the primary data was collected through a well-structured questionnaire and different statistical tools have been used for analysing data. The simple percentage, Mean, Fishers Exact Method, Chi-square test and correlation analysis were used for analysis of the data collected.

Analysis and Interpretation

Table 1: Gender of the Respondents Location Wise

		Gender		**Total**
		Male	**Female**	
Rural	Number	135	65	200 (100.00)
	Percentage	67.50%	32.50%	
Urban	Number	126	74	200 (100.00)
	Percentage	63.00%	37.00%	
Total	Number	261	139	400 (100.00)
	Percentage	65.25%	34.75%	

Source: Field Survey

Table 1 indicates the gender-wise classification of the respondents. Among the total respondents of 400, 65.25% were male and 34.75% were female. Among 200 respondents of rural, 67.50% were male and 32.50% were female. On the other hand, among 200 respondents from Urban, 63% were male and 37% were female.

Table 2: Age of the Respondents Location wise

		Age				Total
		Up to 25	26-35	36-45	Above 46	
Rural	Number	43	27	94	36	200 (100.00%)
	Percentage	21.5%	13.5%	47.00%	18.00%	
Urban	Number	76	53	47	24	200 (100.00%)
	Percentage	38.00%	26.5%	23.5%	12.00%	
Total	Number	119	80	141	60	400 (100.00%)
	Percentage	29.75%	20.00%	35.25%	15.00%	

Source: Field Survey

Table 2 clearly reveals the age of the respondents. It was found that 47.00% of the respondents belong to the age group of 36-45 years followed by 21.5% of them are in the age group of up to 25 years and 18.00% of them are in the age group of above 46 years. Among the respondents of Rural, the highest percentage (i.e.,47%) belongs to the age group of 36-45 years followed by 21.5% from the age group of up 25 years, while among the respondents form urban the highest percentage (i.e., 38%) belongs to the age group of up to 25 years followed by 26.5% from the age group of 26-35 years.

Table 3: Educational Qualification of the Respondents Location wise

		Age				Total
		SSLC	PUC	Graduation	Post - Graduation	
Rural	Number	60	44	66	30	200 (100.00%)
	Percentage	30.00%	22.00%	33.00%	15.00%	
Urban	Number	55	61	48	36	200 (100.00%)
	Percentage	27.50%	30.5%	24.00%	18.00%	
Total	Number	115	105	114	66	400 (100.00%)
	Percentage	28.75%	26.25%	28.50%	16.50%	

Source: Field Survey

Table 3 highlight the educational qualification of the respondent's location wise. The table shows that 28.50% of the respondents have completed their graduation, 28.75% were SSCL, 26.25% have completed their PUC and the rest 16.50% of them are post graduate holders. Among the respondents of Rural, 33% have completed their graduation, 30%were SSLC, 22% were PUC and the rest 15% were with post graduate holders. Whereas, among the respondents from urban location, 30.50% have completed their PUC, 27.50% were SSLC, 24% were graduates and 18% of them are qualified in post graduate.

Table 4: Location wise Annual Income Level of the Respondents

		Annual Income (in lakhs)				Total
		Up to 3	3-4	4-5	Above 5	
Rural	Number	111	39	36	14	200 (100.00%)
	Percentage	55.50%	19.5%	18%	7%	
Urban	Number	84	43	41	32	200 (100.00%)
	Percentage	42%	21.5%	20.5%	16%	
Total	Number	195	82	77	46	400 (100.00%)
	Percentage	48.75%	20.50%	19.25%	11.50%	

Source: Field Survey

Table 4 depicts the annual income level of the respondent. The table clearly shows that, out of the total respondents, a maximum (i.e., 48.75%) of the respondents have an annual income of up to 3 lakhs, followed by 20.50% having an income of 3-4 lakhs, 19.25% of them are having 4-5 lakhs and 11.50% of them are above 5 lakhs of annual income. Among the respondents of Rural, maximum (55.50%) have an annual income of up to 3 lakhs, 19.5% have 3-4 lakhs, 18% have an annual income of 4-5 lakhs and the rest 7% of them are having above 5 lakhs of annual income. Further, among the respondents from urban, 42% have an annual income of up to 3 lakhs, 21.5% have 3-4 lakhs, 20.5% have 4-5 lakhs and 16% have an annual income of above lakhs.

Table :5 Financial Literacy programme attended by the Respondents

		Financial Literacy programme attended		Total
		Yes	**No**	
Rural	Number	25	175	200
	Percentage	12.5%	87.5%	(100.00)
Urban	Number	45	155	200
	Percentage	22.5%	77.5%	(100.00)
Total	Number	70	330	400
	Percentage	17.5%	82.5%	(100.00)

Source: Field Survey

Table 5 clearly reveals that the number of respondents who have attended financial literacy programmes. Only 17.5% of them are attended and 77.5% of them are not attended the financial literacy programme. The results from both rural and urban show that the majority (i.e., 77.5%) of the respondents have not attended any financial literacy programme.

Table 6 clearly depicts the respondent's response to the question on whether they were carefully considered purchases before buying something else. Among the respondents from rural 43.5% of the respondents agree, 37.5 of them are strongly agree, 10.5%of them are strongly disagree, 6% of the respondents are disagree and 2.5% of the respondents are uncertain about their purchase consideration.

Among the respondents from urban, 50.5% of them are agree, 42.5% of them are strongly agree, 4% of them are disagree, 1.5% of them are strongly disagree and 1.5 % of them are uncertain about their purchase decisions.

The results shows that the percentage of the respondents who carefully consider purchase was higher among the respondents of both rural and urban (i.e., 50.5% and 43.5%) respectively. Overall, the majority of them on an average of 50% carefully consider their purchases which is lesser than the national level. (NCFE,2019)

Table 6: Consideration for Purchases before buying

		I carefully consider whether I can afford it, before I buy something.					Total
		Strongly Disagree	**Disagree**	**Uncertain**	**Agree**	**Strongly Agree**	
Rural	Number	21	12	5	87	75	200
	Percentage	10.5%	06.00%	2.5%	43.5%	37.5%	(100.00%)
Urban	Number	03	08	03	101	85	200
	Percentage	1.5%	4.00%	1.5%	50.5%	42.5%	(100.00%)
Total	Number	24	20	08	188	160	400
	Percentage	6.00%	5.00%	2.00%	47.00%	40.00%	(100.00%)

Source: Field Survey

Table 7 explains that the financial literacy level of the respondents based their gender. It can be seen from the table that among 261 male respondents from both rural and urban, 79 respondents (i.e., 30.26%) have high financial literacy while the remaining 171 respondents (i.e., 65.51%) have average financial literacy. Whereas, among 139 female respondents from both rural and urban, 34 respondents (i.e., 24.46%) have high financial literacy while the remaining 99 respondents (i.e., 71.22%) have average financial literacy.

From the above analysis it is very clear that not much difference was found between financial literacy of male and female respondents which is in contrast with the findings of the ford and kent (2010), NCFE (2019).

Table 7: Categorisation of the respondents based on gender and financial literacy level.

Location and Gender			Level of Financial Literacy			Total
			Low	**Average**	**High**	
Rural	Male	Number	08	80	47	**135**
		Percentage	5.92%	59.25%	34.81	67.5%
	Female	Number	04	46	15	65
		Percentage	6.15%	70.76%	23.07%	32.5%
	Total	Number	12	126	62	200
		Percentage	6.00%	63.00%	31.00%	100%
Urban	Male	Number	03	91	32	126
		Percentage	2.38%	72.22%	25.39%	63.00%
	Female	Number	02	53	19	74

		Percentage	2.70%	71.62%	25.67%	37.00%
	Total	Number	05	114	51	200
		Percentage	2.5%	57.00%	25.5%	100%
Total	Male	Number	11	171	79	261
		Percentage	4.21%	65.51%	30.26%	65.25%
	Female	Number	06	99	34	139
		Percentage	4.31%	71.22%	24.46%	34.75%
	Total	Number	17	270	113	400
		Percentage	4.25%	67.50%	28.25%	100%

Source: Field Survey

Table 8 delineates that the output of the Chi-square test. The test was performed at a 5% level of significance. Among the respondents of rural and urban the Fisher's Exact test significance value is 0.136 and 0.269 with a degree of freedom 2. Since the significance value is greater than 0.05 among both the respondents of Rural and Urban the null hypothesis is accepted. Hence, there is no significant relationship between gender and level of financial literacy of the respondents of both Rural and Urban. Similarly, Fisher's Exact test significance value for the total respondents (0.269) is also greater than 0.05 the null hypothesis is accepted. It can be concluded that there is no significant relationship between gender and level of financial literacy among the total respondents.

Table 8: Fisher's Exact Test to measure the relationship between Gender and Level of Financial Literacy of the respondents

Location		**Value**	**df**	**Asymp. Sig. (2-sided)**	**Exact Sig. (2-sided)**
Rural	Pearson Chi-Square	2.704[a]	2	.129	.136
	Likelihood Ratio	3.621	2	.076	.162
	Fisher's Exact Test	2.156			.183
	Linear-by-Linear Association	.302[d]	1	.376	.139
	N of Valid Cases	200			
Urban	Pearson Chi-Square	1.059[c]	1	.243	.269
	Continuity Correction [f]	.743	1	.241	
	Likelihood Ratio	1.152	1	.152	.269
	Fisher's Exact Test				.269
	Linear-by-Linear Association	1.116[g]	1	.141	
	N of Valid Cases	200			
Total	Pearson Chi-Square	3.100[a]	2	.142	.113
	Likelihood Ratio	4.223	2	.076	.019
	Fisher's Exact Test	2.762			.120
	Linear-by-Linear Association	.072[b]	1	.662	.722
	N of Valid Cases	400			

V. Conclusion:

Financial literacy is a powerful tool for empowering financially marginalized individuals in backward districts. By introducing key concepts such as budgeting, saving, investing, debt management, and understanding financial services, individuals gain the confidence and skills necessary to make informed financial decisions. Through financial literacy initiatives, we can provide these communities with the tools they need to break free from the limitations of poverty, build a brighter future, and contribute to the overall development of their districts.

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