



A Study on assessing the financial literacy of residents – With reference to Sonari, Jamshedpur, Jharkhand.

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Abstract :-

One of the cornerstones of financial inclusion is financial literacy. Every household aspires to save money for future financial security and stability. In essence, it is the capacity to comprehend and use a range of financial abilities, such as investing, budgeting, and personal financial management. Jharkhand is a geographically underdeveloped state that still struggles to provide for the fundamental needs of the state's substantial minority population, despite numerous government initiatives. The knowledge of financial literacy among the people living in the Sonari region of Jamshedpur, Jharkhand, which is part of the state's East Singhbhum district, is the main emphasis of this study. This paper examines the relationship between residents' investment and saving habits and their financial literacy.

Key Words:- Financial Awareness, Financial Literacy, Financial Security, Financial Stability .

I. INTRODUCTION:-

Because of the complexity of the global economic system, each person must make more informed and proactive financial decisions in order to control the rising cost of living. People now have more options for investing because of the complexity of financial markets and the variety of investment products available. Beyond national borders, people are allowed to invest in a wide range of assets and currencies. Financial literacy has been increasingly important in recent years due to the expansion of banking services and the growing significance of financial transactions. Financial literacy is a broad concept that pertains to all customers, regardless of their status or income.

The concept of financial literacy acknowledges that every person is different in some manner and responsible for their own decisions. Rather than prescribing the ideal financial conduct for a person, financial literacy highlights the need to enable people. As a part of Jamshedpur, Sonari is home to a diverse population that includes daily wage workers, entrepreneurs, and employed people. By ensuring that individuals save, invest, and spend money sensibly, financial literacy can help them better manage their income. When people are financially literate, they can make good use of microfinance services, which are frequently offered in semi-urban areas such as Sonari, to launch or grow small companies. Financial literacy is essential for residents to use digital banking and payment systems with confidence as they become more common. This improves financial inclusion.

According to the 2011 Census survey report, Jharkhand's overall literacy rate is 66.41%, which is lower than India's average of 72.98%. In Jharkhand, the literacy rate for men is 76.84%, while the rate for women is 55.42%. The goal of the study is to get insight into people's knowledge, attitudes, and behaviors about personal finance across a range of demographic groups by examining the state of financial literacy among individuals.

II. Need of the Study:-

Sonari is a mix of urban and semi-urban features due to its location within Jamshedpur. By bridging the gap between conventional financial practices and contemporary financial systems, financial literacy may guarantee that everyone has access to economic opportunities. This study on financial literacy in Sonari, Jamshedpur, provides insight into how locals might make the most of microfinance services, which are frequently accessible in semi-urban locations such as Sonari, for launching or growing small companies. Financial literacy is essential for residents to use digital banking and payment systems with confidence as they become more common. This improves financial inclusion. The result of this study will provide insight into Sonari, Jamshedpur residents level of financial literacy.

III. Literature Review:-

In 'A Study on Financial Literacy among College Students with Reference to Tiruchirappalli' the study emphasized the relationship between financial attitude and behaviour of students. This paper assessed the financial decision making among the college students. The study helps to make awareness among the selected group of respondents regarding their spending habits and savings (Ravichandran & Ragupathi, 2017)

In 'Analysis of Financial Literacy and its impact on Financial Attitude and Financial Security: A study of Employees working in Chennai', Financial Inclusion is a lofty ideal but financial literacy is the first step towards achieving financial inclusion. Worries about money such as saving for a home, raising children, losing a job, retirement planning is not limited to those with loans or lower income groups. Everyone worries about money at some point in their lives and financial security affects all. It is very important for employees to feel financially secure as these financial worries might also affect their work. Most importantly employees must be able to save and invest their savings appropriately to secure their financial future, but the challenge

is in understanding if employees can make informed decisions from the complex financial choices available in the market (V., 2018)

In research paper of “Study of Financial Literacy and Its Impact on Rural Development in India: Evidence Using Panel Data Analysis” examines the impact of financial literacy on the inclusion and rural development in India. As per result financial literacy positively impacts financial inclusion and rural development. The present study shows that banks and government need to pay more attention to expanding financial literacy. The study aims to investigate the relationship between financial literacy, financial inclusion, and rural development in India. Financial inclusion (FI), such as the Kisan credit cards and other financial products and services, has an option for rural development (Gautam & Rastogi, 2022)

In the study of ‘A Study on Financial Literacy among the public of Gujarat’ an attempt is made to examine the burning issue of “Financial literacy among investors”, from multi perspective. To conclude it can be said that the eminent area of financial literacy holds many unexplored dimensions which researchers can take up in future. Financial knowledge allows people to manage their money and carefully spend money. In modern time various platform through which people can gain knowledge about finance like YouTube, different types of apps, various financial newspapers, news channels etc. (Thakkar, RAJESHKUMAR, & DHIRUBHAI, 2023)

IV. Objectives of the study are:-

The objectives of the study are:-

1. To study the level of awareness about financial literacy among the residents of Sonari region of Jamshedpur, Jharkhand.
2. To analyse which demographic groups have lower financial literacy.
3. To analyse how financial literacy affects the saving and investment pattern among the residents.
4. To examine how financial literacy influences financial stability and security in Sonari, Jamshedpur.

V. Research Methodology:-

V.1.Data Sources:-

The Data has been collected through both primary and secondary sources.

Primary sources: Primary data was used in the form of questionnaire. Data was filled by the individuals, discussed with teachers and individuals of Kagalnagar , and Kapali of Sonari region, Jamshedpur. Open ended questions was designed and administered to respondents. The questions covered a mixture of various topics such as their knowledge, planning for short and long term financial goals and awareness and choice of financial products.

Secondary sources: Secondary data like reports of RBI, and other government sites was used for gathering basic information, and for better understanding of this research study. It was collected with the help of books, Reports, and Journals.

V.2. Tools and Techniques:-

The Tools and Techniques used for the work are percentage, bar graphs, and pie-charts.

V.3. Periodicity:-

Quantitative data of last two years has been taken for analysis and interpretation.

V.4. Research Design:-

The design of the study is Exploratory and descriptive research approaches. Exploratory study approach will be active to start how variables such as age, and place has a influence on financial literacy and also to show how investor knowledge in finance help them to make informed financial decisions as well as other factors that can result in having financial knowledge. The main research instrument used in this study is questionnaire. From this questionnaire respondent have given their answer accordingly.

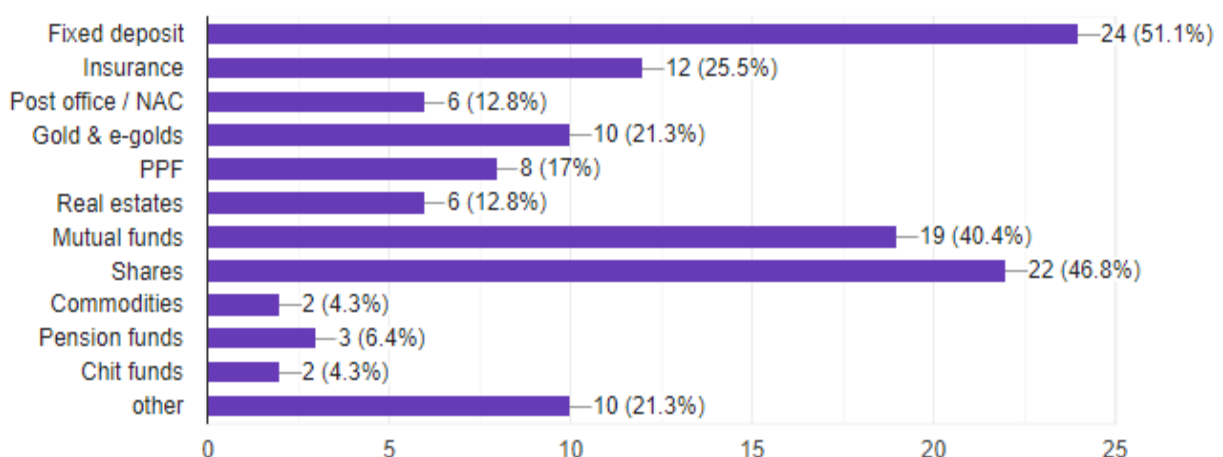
V.5. Sample units and Size :-

Residents of Kagalnagar and Kapali of Sonari, Jamshedpur, Jharkhand have been used as the sample units. 100 respondents of Sonari region has been used as the sample size. Stratified Random Sampling technique has been used in this research work.

VI. Analysis and Interpretation:-

Analyses of the level of awareness about financial literacy among the residents of Sonari region of Jamshedpur, Jharkhand.

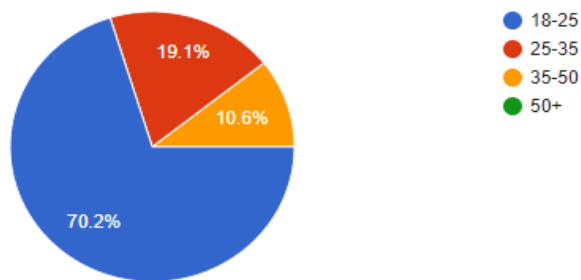
Figure 1: Current Investment Options



Source:- Primary Data (Questionnaire)

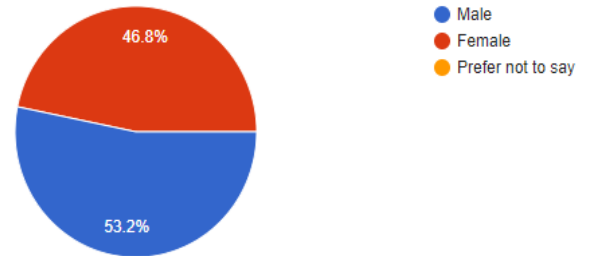
From Figure 1 , it can be analysed that 51.1% currently invest in fixed deposit, 25.5% in Insurance, 12.8% in post-office, 21.3% in gold, and e-golds, 17% in PPF, 12.8% in real estate, 40.4% in mutual funds , 46.8% in shares, 4.3% in commodities, 6.4% in pension funds, 4.3% in chit funds, and 21.3% in other investment option plans. It can be interpreted that the respondents have financial education but majority of the population invests in fixed deposits which gives less interest rates.

Figure 2 : Age Group



Source: Primary Data (Questionnaire)

Figure 3 : Gender

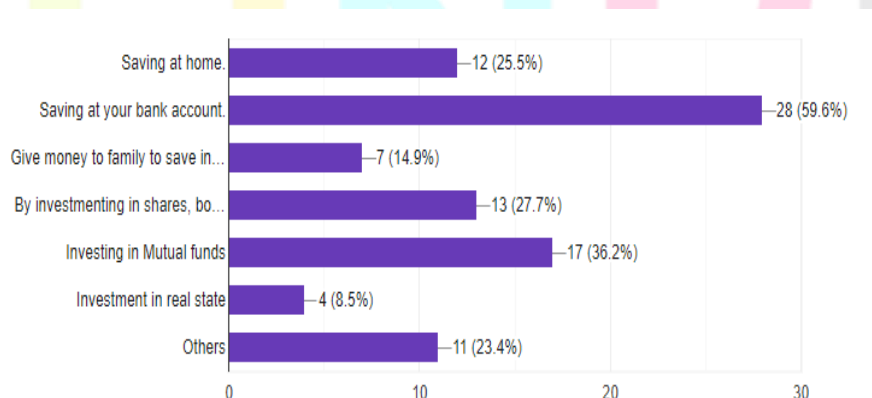


Source: Primary Data (Questionnaire)

From Figure 2 , it can be depicted that different age groups have different level of understanding financial literacy. The respondents belonging to the age group of 18-25 have less financial education , 19.1% of the respondents belonging to age group 25-35 have financial literacy and know about the current financial schemes and so are the age group of 35-50.

From Figure 3, it can be depicted that 53.2% of the respondents who are male are aware of financial education and 46.8% of the females lack knowledge of financial literacy. So, accordingly , age group belonging to 18-25 years have less financial awareness and among the gender , the females lack financial education.

Figure 4 : Saving and Investment Pattern

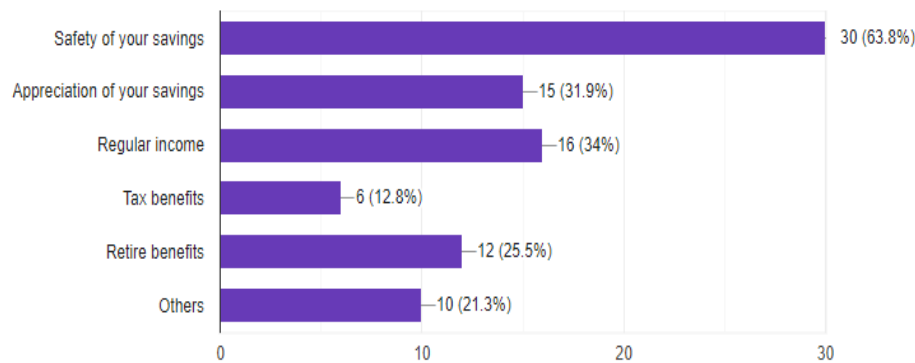


Source:- Primary Data (Questionnaire)

From Figure 4, it can be analysed that 59.6% of the population in Sonari, keep their money in savings bank account. 27.7% invest in shares, 36.2% invest in mutual funds, 8.5% in real estate. This clearly depicts that a major portion of the population of Sonari are risk averse and they keep their savings safe in their bank

accounts. The others percentage is for SIP, and gold. The residents of kagalnagar and Kapali in Sonari, are more risk averse and believe in saving their earned income. They do invest in various financial schemes, earn surplus income but are majorly risk averse when it comes to making investments.

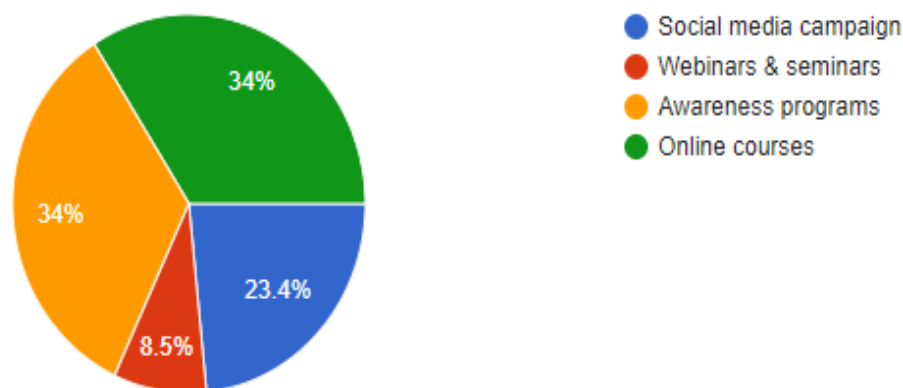
Figure 5 : Assessment of Financial Stability and Security



Source:- Primary Data (Questionnaire)

From Figure 5, it can be analysed that 63.8% of the respondents invests their savings for safety purpose, 31.9% invests for appreciation of the savings, 25.5% for retirement benefits, and 12.8% for tax benefits. 34% invests their savings for regular income. The respondents representing a major population of Sonari, invests their savings for financial stability and security.

Figure 6 : Measures to increase financial literacy.



Source:- Primary Data (Questionnaire)

From the figure 6 , it can be analysed that 34% of the respondents believe that online courses on financial education and financial literacy can increase the financial literacy awareness in Sonari. 34% believe that awareness programs can enhance the financial literacy rate. 8.5% stick to webinars and seminars, and 23.4% believe in social media campaign. Online courses can definitely enhance financial literacy awareness as they get to deal with the conceptualization about financial literacy. So, if edutech company gives courses online at

nominal rate then there is a high chance that the people will get enrolled in those courses which will be profitable for both the companies and the residents.

VII. Findings:-

This study revealed that although the people living in Sonari's Kagalnagar and Kapali are aware of financial education, they are primarily risk averse. The respondents are aware of financial schemes and have experience with financial education. Due in large part to their recent job and lack of savings, individuals in the 18–25 age bracket are less aware of the plans. However, respondents in the 30- to 50-year-old age range do invest in bonds, gold, shares, mutual funds, and real estate. According to this study, men engage in greater investing activity than women do, with men being more interested in stocks, bonds, mutual funds, and other financial instruments.

The study found a correlation between an individual's propensity for saving , investing and their level of financial knowledge. People who possess a high degree of financial knowledge tend to be more inclined towards saving and investing. On the other hand, people were less likely to save and invest if they lacked financial literacy. According to the study, people are more interested in saving money than they are in investing it. People want their money to be safe since they do not know about other possibilities for investing it and earning a high rate of return. Because they believe fixed deposits are a good fit for them, the majority of respondents invest in them. With little commitment, they receive a safe and consistent return on their money.

According to the study, there is no appropriate avenue for people to become financially literate, and they also do not receive any advice on how to invest their money; instead, they handle it on their own, which is why they are not making as much money as they could. As the majority of people have chosen to enroll in online courses in order to become financially educated, the study demonstrates that this is the most effective technique to financially literate the public.

VIII. Conclusion:-

The cornerstone of financial inclusion is financial literacy. Financial literacy enables people to make decisions that can significantly affect their current and future financial circumstances, from managing debt and investing to grasping more complex subjects like debt management and budgeting. But the study also shows that there are important obstacles to general financial literacy, such as unequal educational opportunities, cultural norms, and behavioral biases. A multimodal strategy involving cooperation between legislators, educators, financial institutions, and community organizations is needed to address these issues.

The varied needs and situations of various populations must be taken into account while implementing financial literacy initiatives, with a focus on vulnerable populations such minorities, low-income people, and

young people. To achieve long-term learning and behavior change, this calls for the creation of focused educational programs, creative delivery methods, and ongoing support networks.

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