

# Impact of Financial Literacy on Household Decision-Making: A Study in the State of Chhattisgarh, India

Dr. Satya Prakash<sup>1</sup>, Dr. Salman<sup>2</sup>, Ish Kumar Kewat<sup>3</sup>

<sup>1,2</sup>Assistant Professor, (Department of Commerce, Guru Ghasidas Vishwavidyalaya, Bilaspur, (C.G.)

<sup>3</sup>Research Scholar, (Department of Commerce, Guru Ghasidas Vishwavidyalaya, Bilaspur, (C.G.)

## Abstract

Financial literacy has emerged as a critical determinant of household decision-making in the modern economy. It encompasses individuals' ability to manage personal finances effectively, understand economic concepts, and make informed choices about investments, savings, and expenditures. This study, which examines the impact of financial literacy on household decision-making in Chhattisgarh, India, a region marked by significant socio-economic diversity, is of utmost importance. Employing a mixed-methods approach, the research combines quantitative data from 500 surveyed households and qualitative insights from interviews with policymakers and financial advisors. The study finds that financial literacy levels in Chhattisgarh are relatively low, with stark disparities between urban and rural households. While financially literate households exhibit better budgeting, investment, and savings behaviours, those lacking literacy are more prone to debt traps and suboptimal financial decisions. The findings underscore the need for targeted financial education programs and policies to empower households. This research contributes to the growing body of literature by highlighting the regional nuances of financial literacy and its implications for economic well-being in India.

**Keywords:** Financial Literacy, Financial Inclusion, Decision Making, Urban v/s Rural, Gender Disparities, Financial Education, Rural Development.

## Introduction

### Background and Significance:

Financial literacy, defined as the ability to understand and apply financial concepts in decision-making, plays a pivotal role in improving household welfare. In today's dynamic economic landscape, households face complex financial decisions involving savings, investments, credit management, and retirement planning. Poor financial literacy often leads to detrimental consequences such as over-indebtedness, low savings rates, and vulnerability to economic shocks. However, the potential for positive change is immense. Financially literate individuals make informed choices, optimising their resources and achieving greater financial security, offering a beacon of hope in the financial landscape.

The state of Chhattisgarh, located in central India, presents a unique context for studying financial literacy. Its predominantly rural nature, diverse population, and significant engagement in agriculture and informal labour markets make it a distinct region for this research. Despite the socio-economic progress achieved since its formation in 2000, Chhattisgarh continues to grapple with challenges such as poverty, limited

access to formal financial services, and low levels of education. These factors make the examination of financial literacy particularly pertinent in this region.

### **Theoretical Framework:**

The relationship between financial literacy and household decision-making is grounded in behavioural economics and human capital theory. Financial literacy enhances individuals' ability to process information, evaluate alternatives, and select optimal courses of action. It also contributes to developing long-term financial plans and coping mechanisms amid economic uncertainty; in the context of Chhattisgarh, where traditional economic practices and informal lending dominate, financial literacy could serve as a transformative tool to empower households.

### **Research Objectives and Questions:**

This study aims to investigate the role of financial literacy in shaping household financial behaviours in Chhattisgarh. Key research questions include:

1. What is the current level of financial literacy among households in urban and rural areas of Chhattisgarh?
2. How does financial literacy influence household decisions related to savings, investments, and debt management?
3. What are the socio-economic and demographic factors associated with variations in financial literacy?

### **Scope and Importance:**

By focusing on Chhattisgarh, this research provides valuable insights into a region that has received limited attention in the discourse on financial literacy. The findings of this study will not only inform policymakers but also guide the design of financial education programs tailored to the needs of diverse populations, thereby contributing to the improvement of financial literacy in the region.

### **Literature Review**

Financial literacy has been widely studied in global and Indian contexts as a determinant of economic and social outcomes. Researchers have explored its implications for household decision-making, highlighting the interconnectedness of financial literacy, economic behaviour, and financial well-being.

### **Global Perspectives:**

Globally, financial literacy has been recognised as a key driver of economic stability and household prosperity. Lusardi and Mitchell (2014) argue that financially literate individuals are better equipped to plan for retirement, invest in profitable ventures, and mitigate risks. Their study across developed economies demonstrated a positive correlation between financial literacy and savings behaviour, emphasising the role of financial literacy in long-term planning. Similarly, Atkinson and Messy (2012) found that financial literacy programs implemented in OECD countries significantly enhanced individuals' understanding of credit management and savings, thereby reducing debt defaults. In developing countries, low financial literacy is often linked to poor financial inclusion and vulnerability to financial shocks. Klapper et al. (2015) reported that financial literacy in developing economies tends to be lower than in developed nations, with significant gender and income disparities. They argue that limited access to formal

financial services and education exacerbates this issue, making financial literacy interventions critical for empowering underserved populations.

### **National Context: Financial Literacy in India:**

India, a rapidly growing economy with a diverse population, faces significant challenges in achieving widespread financial literacy. According to the National Centre for Financial Education (NCFE, 2019), only 27% of Indians are financially literate, underscoring the need for immediate, comprehensive financial education initiatives. Financial literacy in India is unevenly distributed, with urban residents displaying higher levels of literacy compared to their rural counterparts (RBI, 2020).

The Reserve Bank of India (RBI) has spearheaded several initiatives to promote financial literacy, including Financial Literacy Centres (FLCs) and campaigns under the Financial Inclusion Plan. While these programs have made strides in increasing awareness, researchers such as Agarwal and Varma (2018) argue that the effectiveness of these initiatives is limited by low educational attainment and cultural barriers in rural areas.

### **Regional Context: Financial Literacy in Chhattisgarh:**

In the context of Chhattisgarh, financial literacy remains underexplored. Studies focusing on central India indicate that rural populations often rely on informal financial practices, such as borrowing from moneylenders, due to limited access to formal financial institutions (Kumar & Pal, 2020). This reliance perpetuates cycles of debt and financial insecurity.

Further, education levels and socio-economic status significantly influence financial literacy in Chhattisgarh. As per the Economic Survey of Chhattisgarh (2022), nearly 70% of the population resides in rural areas, with many households lacking basic education, a key determinant of financial awareness. Studies have also highlighted gender disparities, with women in the region facing additional barriers to acquiring financial knowledge due to socio-cultural norms (Sharma & Gupta, 2021).

### **Research Gaps**

While existing literature provides valuable insights into financial literacy, there is limited research specifically focusing on its impact on household decision-making in Chhattisgarh. Most studies adopt a macro perspective, leaving regional variations and micro-level dynamics underexamined. This study aims to address this gap by analysing the role of financial literacy in shaping household-level financial behaviours and decision-making processes in Chhattisgarh.

### **Methodology**

#### **Study Design:**

This study employs a mixed-methods approach, integrating both quantitative and qualitative methodologies to provide a comprehensive understanding of the impact of financial literacy on household decision-making in Chhattisgarh. The mixed-methods design is particularly suited to explore the complex and multidimensional nature of financial literacy, which encompasses knowledge, attitudes, and behaviours.

#### **Target Population and Sampling:**

The target population for this study includes households in both urban and rural areas of Chhattisgarh. Given the socio-economic diversity of the state, the sample was stratified to ensure representation across

key demographic factors such as location (urban/rural), income levels, gender, and educational background. A total of 500 households were surveyed, with 300 respondents from rural areas and 200 from urban centers. This stratification was based on the population distribution as per the Census of India (2011) and the Economic Survey of Chhattisgarh (2022).

Respondents were selected using a multistage sampling technique:

1. **Stage 1:** Selection of districts – 5 districts were chosen to represent diverse socio-economic conditions (e.g., Raipur for urban representation and Bastar for rural context).
2. **Stage 2:** Selection of villages and urban wards – Villages and urban wards were selected randomly within the identified districts.
3. **Stage 3:** Selection of households – Within each village or ward, households were selected using systematic random sampling.

#### Data Collection Methods:

1. **Quantitative Data:** Structured questionnaires were administered to collect data on respondents' financial literacy levels, financial behaviours, and decision-making practices. The questionnaire was adapted from the OECD/INFE toolkit for measuring financial literacy, ensuring global comparability. Questions focused on key dimensions of financial literacy:

**Knowledge:** Understanding of basic financial concepts (e.g., inflation, interest rates).

**Behaviour:** Patterns of saving, budgeting, and debt management.

**Attitude:** Perceptions of financial planning and risk.

2. **Qualitative Data:** Semi-structured interviews were conducted with 30 participants, including financial advisors, policymakers, and community leaders. These interviews aimed to capture contextual insights and explore barriers to financial literacy in Chhattisgarh.

#### Analytical Framework

1. **Quantitative Analysis:**

**Descriptive Statistics:** Used to summarize financial literacy levels and demographic characteristics of respondents.

**Inferential Statistics:** Regression analysis was conducted to examine the relationship between financial literacy and household decision-making, controlling for factors such as income, education, and gender.

2. **Qualitative Analysis:**

Thematic analysis was applied to identify recurring themes and patterns in the interview data. This provided a deeper understanding of the socio-cultural and institutional factors influencing financial literacy.

#### Ethical Considerations

This study adhered to ethical guidelines to ensure the rights and welfare of participants:

- **Informed Consent:** Participants were briefed about the purpose of the study, and their consent was obtained prior to data collection.
- **Confidentiality:** Personal information was anonymized to protect respondents' privacy.
- **Voluntary Participation:** Respondents were assured of their right to withdraw from the study at any stage without any repercussions.

#### Data Analysis

1. **Descriptive Statistics of the Responses:**

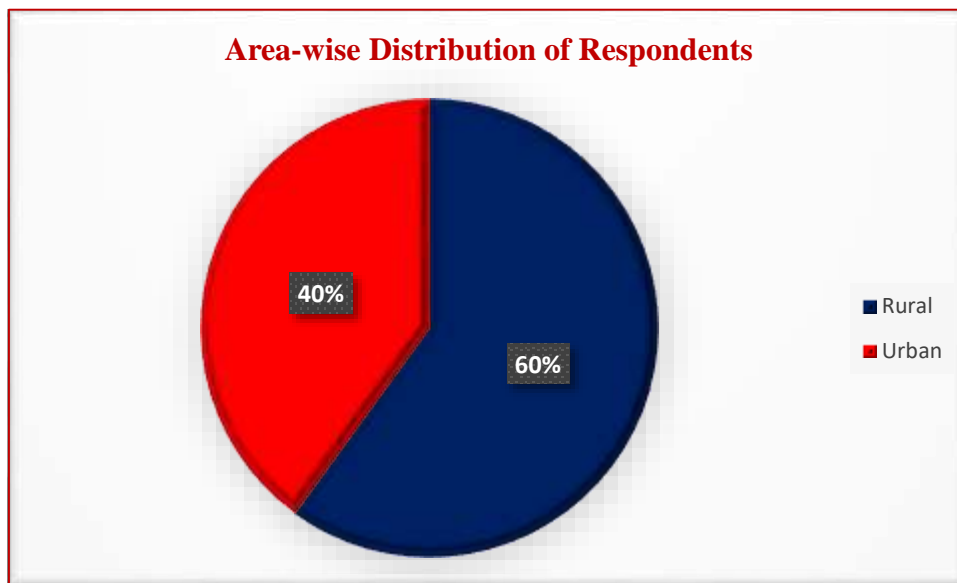
##### 1.1. Profile of Respondents

**Table 1: Area-wise Distribution of Respondents**

Area	Frequency	Percentage
Rural	300	60.0%
Urban	200	40.0%
<b>Total</b>	<b>500</b>	<b>100.0%</b>

Source: Primary Data

**Figure 1: Area-wise Distribution of Respondents**



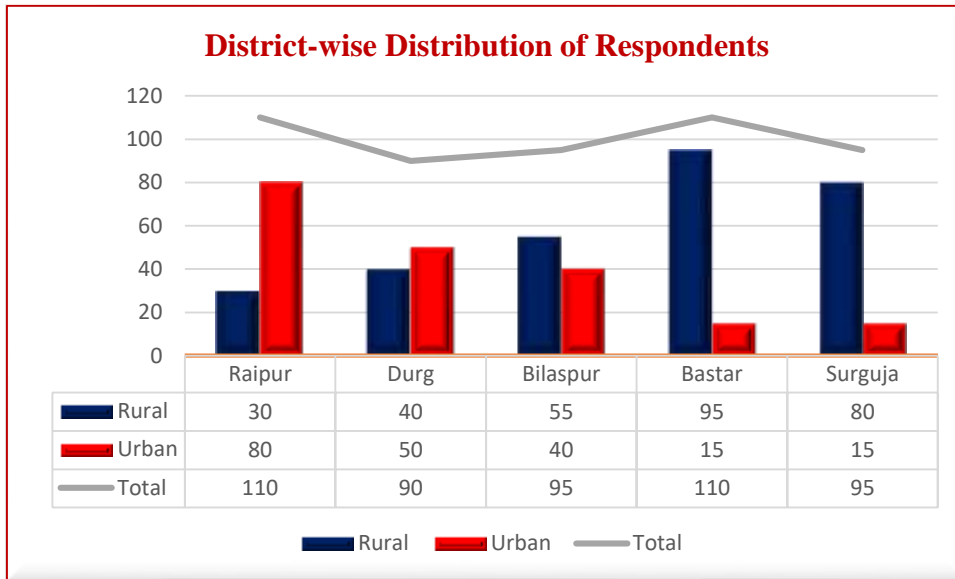
The sample consisted of a larger proportion of rural households, reflecting the population distribution and socio-economic structure of Chhattisgarh.

**Table 2: District-wise Distribution of Respondents**

District	Rural	Urban	Total
Raipur	30	80	110
Durg	40	50	90
Bilaspur	55	40	95
Bastar	95	15	110
Surguja	80	15	95
<b>Total</b>	<b>300</b>	<b>200</b>	<b>500</b>

Source: Primary Data.

**Figure 2: District-wise Distribution of Respondents**



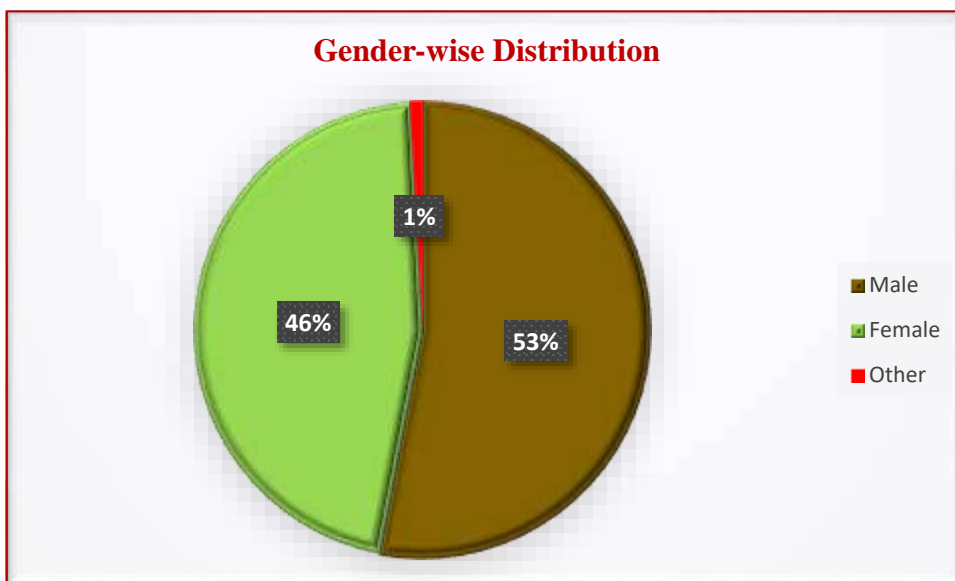
Raipur and Durg represented relatively urban areas, while Bastar and Surguja provided stronger rural representation.

**Table 3: Gender-wise Distribution**

Gender	Frequency	Percentage
Male	265	53.0%
Female	231	46.2%
Other	4	0.8%
<b>Total</b>	<b>500</b>	<b>100.0%</b>

Source: Primary Data

**Figure 3: Gender-wise Distribution**



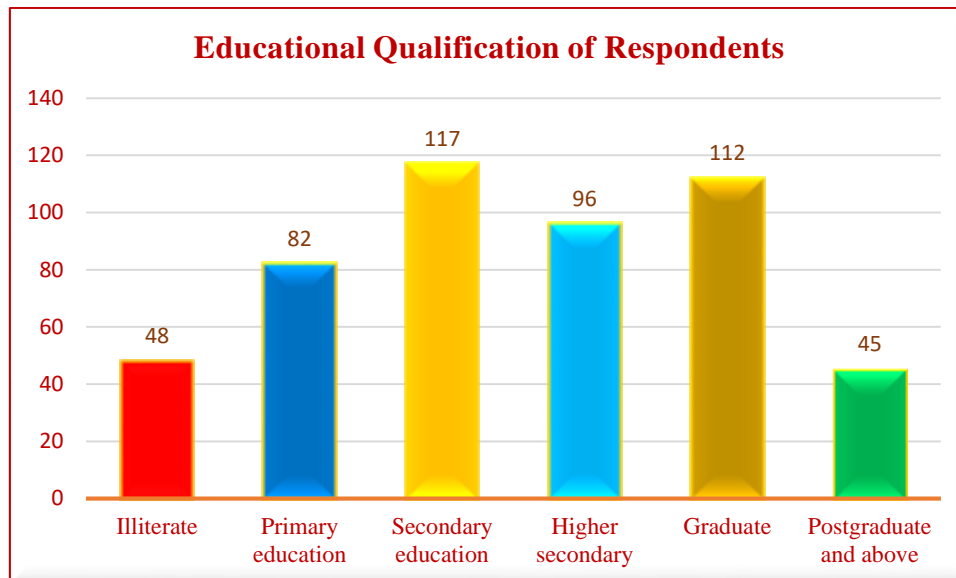
The gender distribution shows that both male and female respondents were adequately represented in the study.

**Table 4: Educational Qualification of Respondents**

Educational Qualification	Frequency	Percentage
Illiterate	48	9.6%
Primary education	82	16.4%
Secondary education	117	23.4%
Higher secondary	96	19.2%
Graduate	112	22.4%
Postgraduate and above	45	9.0%
<b>Total</b>	<b>500</b>	<b>100.0%</b>

Source: Primary Data

**Figure 4: Educational Qualification of Respondents**



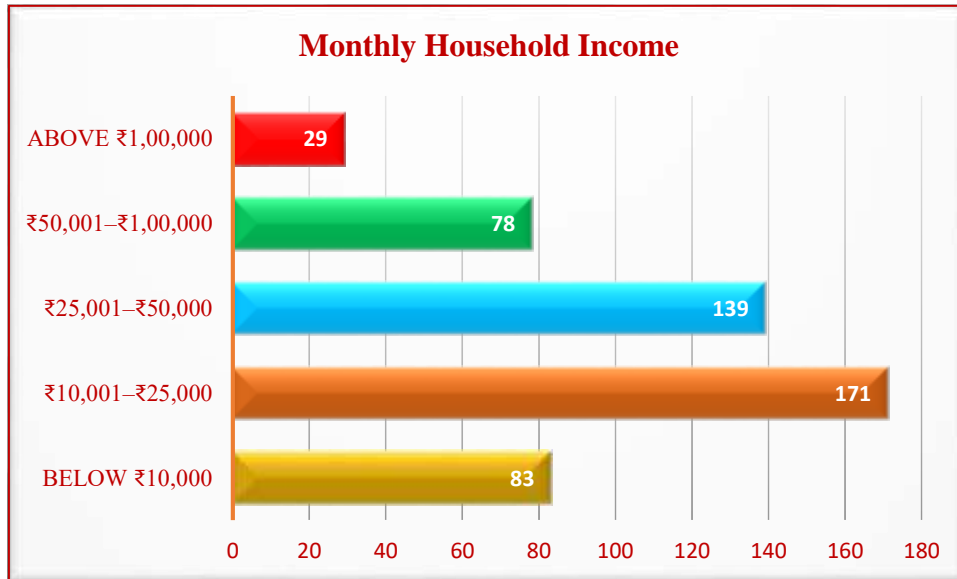
The data indicate that educational attainment varied widely among households, with rural respondents more concentrated in lower educational categories.

**Table 5: Monthly Household Income**

Monthly Household Income	Frequency	Percentage
Below ₹10,000	83	16.6%
₹10,001–₹25,000	171	34.2%
₹25,001–₹50,000	139	27.8%
₹50,001–₹1,00,000	78	15.6%
Above ₹1,00,000	29	5.8%
<b>Total</b>	<b>500</b>	<b>100.0%</b>

Source: Primary Data

**Figure 5: Monthly Household Income**



Most households belonged to low- and middle-income categories, particularly in rural areas.

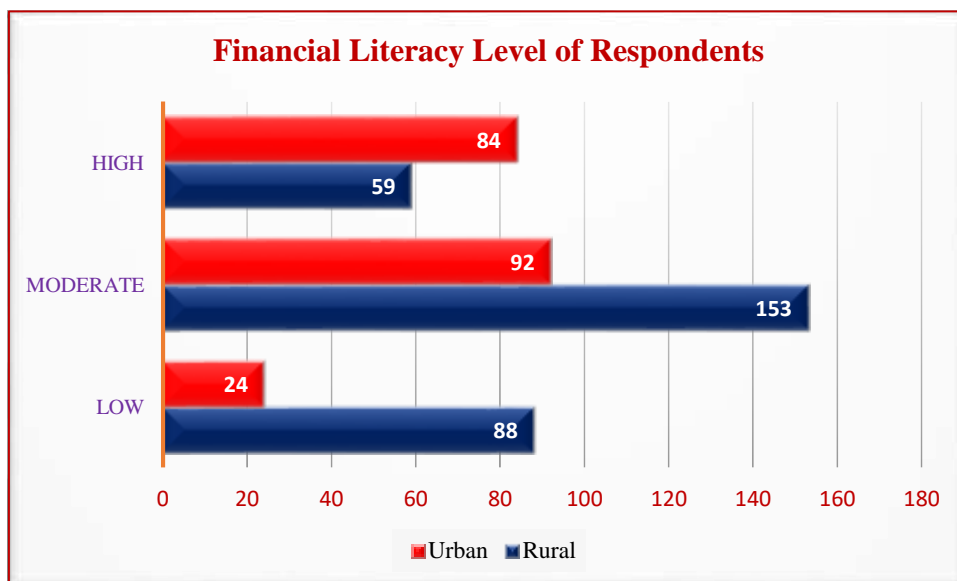
### 1.2. Level of Financial Literacy

**Table 6: Financial Literacy Level of Respondents**

Financial Literacy Level	Rural	Urban	Total	Percentage
Low	88	24	112	22.4%
Moderate	153	92	245	49.0%
High	59	84	143	28.6%
<b>Total</b>	<b>300</b>	<b>200</b>	<b>500</b>	<b>100.0%</b>

Source: Primary Data

**Figure 6: Financial Literacy Level of Respondents**



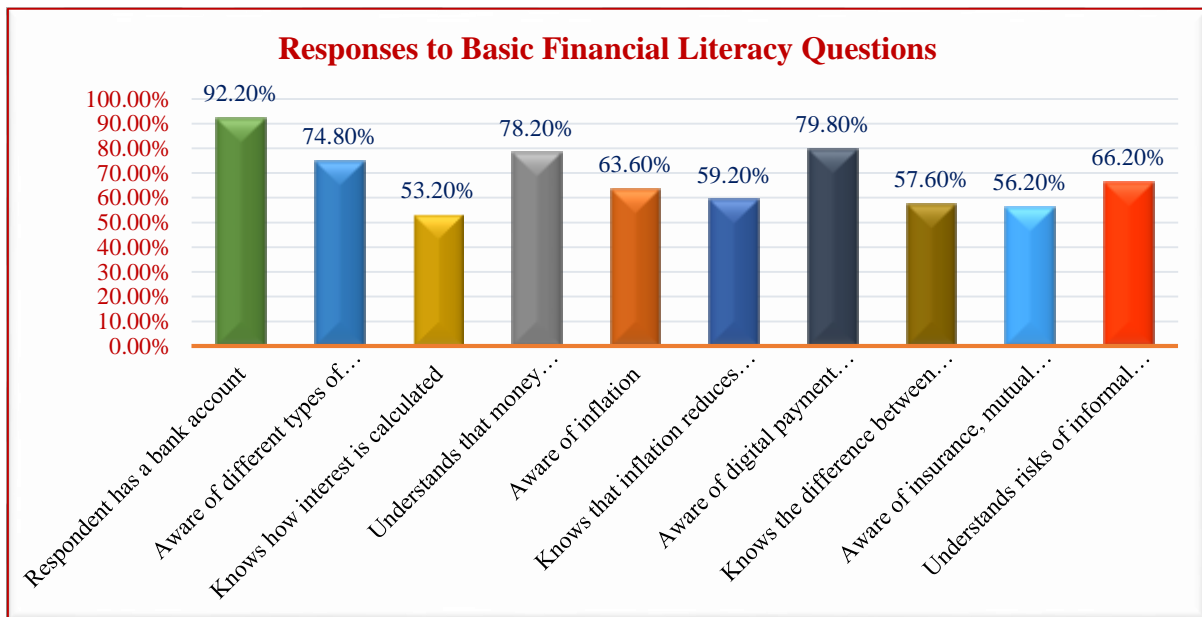
The findings suggest that most respondents had a moderate level of financial literacy. Urban households showed a higher proportion of high financial literacy compared to rural households.

**Table 7: Responses to Basic Financial Literacy Questions**

Financial Literacy Item	Yes / Correct Response	Percentage
Respondent has a bank account	461	92.2%
Aware of different types of bank accounts	374	74.8%
Knows how interest is calculated	266	53.2%
Understands that money increases with interest	391	78.2%
Aware of inflation	318	63.6%
Knows that inflation reduces value of money	296	59.2%
Aware of digital payment methods	399	79.8%
Knows the difference between saving and investment	288	57.6%
Aware of insurance, mutual funds, pension schemes, etc.	281	56.2%
<b>Understands risks of informal borrowing</b>	331	66.2%

Source: Primary Data.

**Figure 7: Responses to Basic Financial Literacy Questions**



The responses show that basic banking awareness was high, but understanding of concepts such as interest calculation, inflation, and investment products was comparatively lower.

### 1.3. Savings Behaviour

**Table 8: Savings Behaviour of Households**

Statement	Mean Score	Interpretation
I regularly save a portion of my household income.	3.71	Agree
I maintain savings for emergency needs.	3.84	Agree

I prefer saving money in banks rather than keeping cash at home.	3.92	Agree
I plan my monthly household expenses in advance.	3.48	Moderate
Financial knowledge helps me make better saving decisions.	3.89	Agree
I compare different saving options before choosing one.	3.41	Moderate
I save for future goals such as education, marriage, health, or house construction.	3.96	Agree

Source: Primary Data

### Overall Mean Score for Savings Behaviour: 3.74

The results suggest that households generally show positive savings behaviour. However, comparison of savings options and formal monthly planning were relatively weaker areas.

### 1.4. Investment Behaviour

**Table 9: Investment Behaviour of Households**

Statement	Mean Score	Interpretation
I invest money to earn returns in the future.	3.31	Moderate
I understand the risk and return involved in investments.	3.18	Moderate
I invest in formal financial products.	3.22	Moderate
I take advice before making investment decisions.	3.49	Moderate
I avoid investment options that I do not understand.	3.74	Agree
Financial literacy increases my confidence in making investment decisions.	3.61	Agree
I prefer safe investment options over risky investment options.	4.03	Agree

Source: Primary Data

### Overall Mean Score for Investment Behaviour: 3.51

The findings indicate that respondents were cautious in investment decisions. Most preferred safe investment options such as fixed deposits, insurance, and government schemes. Risk-based investment instruments such as mutual funds were better understood by urban and educated respondents.

### 1.5. Debt Management Behaviour

**Table 10: Debt Management Behaviour**

Statement	Mean Score	Interpretation
I borrow money only when it is necessary.	3.86	Agree
I compare interest rates before taking a loan.	3.33	Moderate
I prefer loans from banks/formal institutions.	3.64	Agree
I understand repayment terms before taking a loan.	3.51	Agree
I repay loans on time.	3.79	Agree
Financial knowledge helps me avoid unnecessary debt.	3.76	Agree
I know the consequences of defaulting on loan repayment.	3.69	Agree

Source: Primary Data

**Overall Mean Score for Debt Management Behaviour: 3.65**

The responses show that financial literacy positively influences debt management. However, comparison of interest rates before borrowing was not very strong, especially among rural respondents.

**1.6. Financial Planning and Household Decision-Making**

**Table 11: Financial Planning and Decision-Making**

Statement	Mean Score	Interpretation
I prepare a monthly household budget.	3.29	Moderate
I keep records of income and expenditure.	3.18	Moderate
I discuss major financial decisions with family members.	4.01	Agree
I set short-term and long-term financial goals.	3.36	Moderate
I feel confident while making financial decisions.	3.52	Agree
I seek information before choosing financial products.	3.47	Moderate
Financial literacy improves household financial security.	4.08	Agree

Source: Primary Data

**Overall Mean Score for Financial Planning: 3.56**

The results suggest that respondents recognised the importance of financial literacy in household financial security. However, formal budgeting and record-keeping were relatively less common.

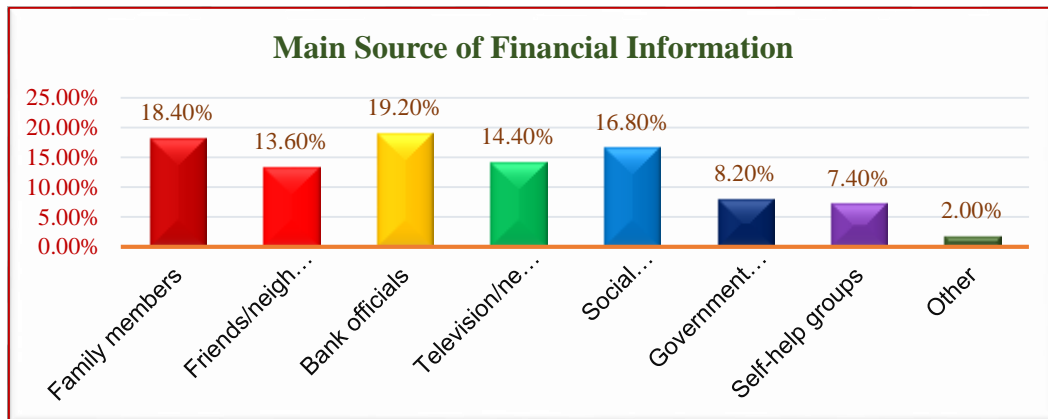
**1.7. Sources of Financial Awareness**

**Table 12: Main Source of Financial Information**

Source of Financial Information	Frequency	Percentage
Family members	92	18.4%
Friends/neighbours	68	13.6%
Bank officials	96	19.2%
Television/newspaper	72	14.4%
Social media/internet	84	16.8%
Government awareness programmes	41	8.2%
Self-help groups	37	7.4%
Other	10	2.0%
<b>Total</b>	<b>500</b>	<b>100.0%</b>

Source: Primary Data

**Figure 8: Main Source of Financial Information**



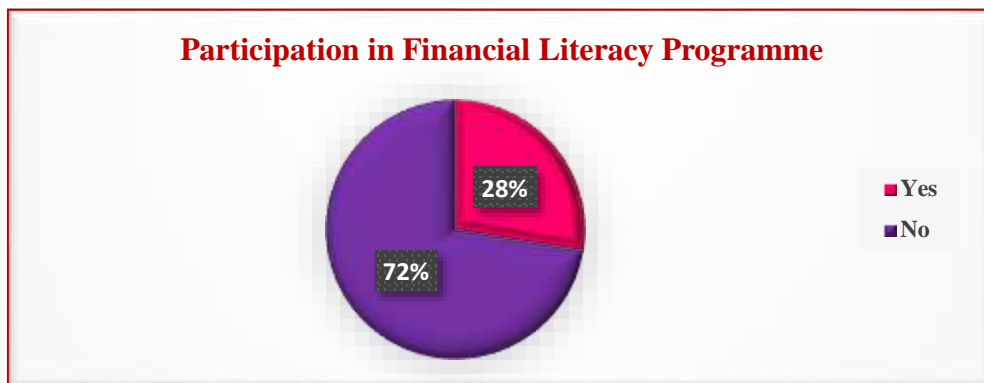
Bank officials, family members, and social media emerged as major sources of financial information. In rural areas, self-help groups and family networks played an important role.

**Table 13: Participation in Financial Literacy Programme**

Response	Frequency	Percentage
Yes	138	27.6%
No	362	72.4%
<b>Total</b>	<b>500</b>	<b>100.0%</b>

Source: Primary Data

**Figure 9: Participation in Financial Literacy Programme**



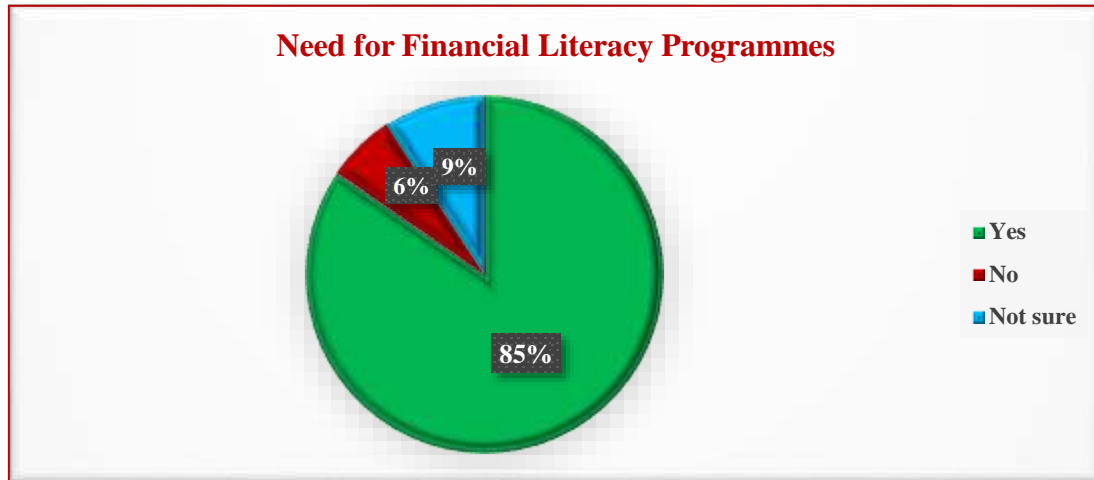
Only a small proportion of respondents had attended financial literacy or awareness programmes, indicating a need for greater outreach.

**Table 14: Need for Financial Literacy Programmes**

Response	Frequency	Percentage
Yes	423	84.6%
No	31	6.2%
Not sure	46	9.2%
<b>Total</b>	<b>500</b>	<b>100.0%</b>

Source: Primary Data

**Figure 10: Need for Financial Literacy Programmes**



A large majority of respondents felt that financial literacy programmes were needed in their area.

### 1.8. Overall Perception of Financial Literacy

**Table 15: Overall Perception**

Statement	Mean Score	Interpretation
Financial literacy is important for every household.	4.28	Strongly Agree
Lack of financial knowledge leads to poor financial decisions.	4.16	Agree
Rural households need more financial literacy awareness.	4.21	Strongly Agree
Women should be encouraged to participate in household financial decisions.	4.09	Agree
Financial education can improve the economic condition of households in Chhattisgarh.	4.24	Strongly Agree

Source: Primary Data

#### Overall Mean Score for Perception: 4.20

The perception scores indicate strong agreement that financial literacy is essential for improving household decision-making and economic security.

### 1.9. Socio-Economic and Demographic Factors Affecting Financial Literacy

**Table 16: Factors Associated with Financial Literacy**

Factor	Finding
Area of residence	Urban respondents had higher financial literacy than rural respondents.
Education	Respondents with graduate and postgraduate qualifications showed better financial literacy.
Income	Higher-income households had greater awareness of investment and insurance products.
Gender	Male respondents reported slightly higher confidence in financial decision-making, while women showed strong savings discipline.
Occupation	Government employees, private employees, and business respondents showed higher awareness than daily wage workers and agricultural labourers.

Exposure to financial programmes	Respondents who attended awareness programmes had better knowledge of banking, insurance, and loan repayment.
----------------------------------	---

The findings indicate that financial literacy varies significantly across socio-economic and demographic groups.

### 1.10. Descriptive Statistics of Key Study Variables

**Table 17: Mean Scores of Financial Behaviour Variables**

Variable	Mean Score	Standard Deviation	Interpretation
Financial Literacy Level	5.90	1.84	Moderate
Savings Behaviour	3.74	0.71	Positive
Investment Behaviour	3.51	0.76	Moderate
Debt Management Behaviour	3.65	0.68	Positive
Financial Planning	3.56	0.73	Moderate
Overall Perception	4.20	0.59	Strongly Positive

Source: Primary Data

The results indicate that respondents had a moderate level of financial literacy. Savings behaviour and debt management behaviour were relatively stronger than investment behaviour and formal financial planning. This suggests that households were more comfortable with basic financial activities such as saving and borrowing, but less confident in investment-related decisions.

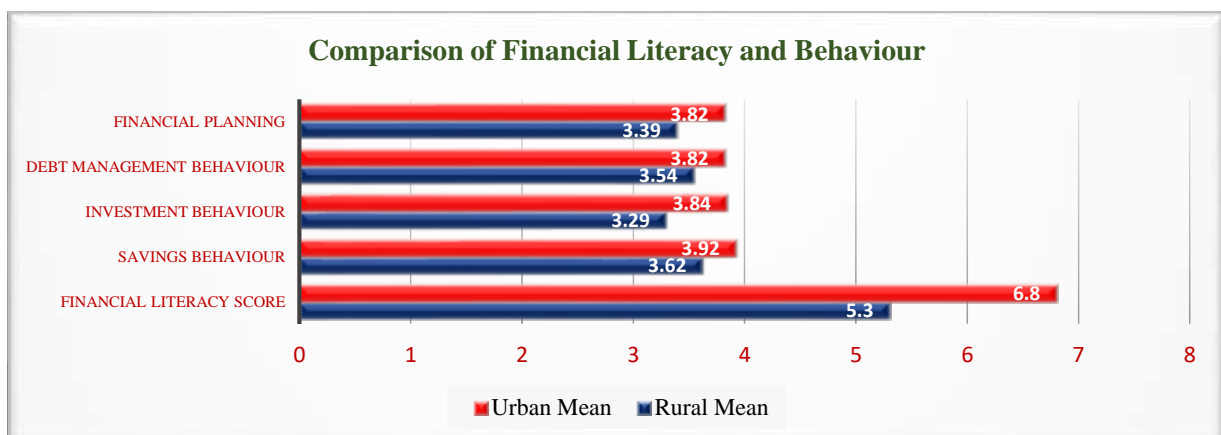
### 1.11. Urban–Rural Comparison

**Table 18: Comparison of Financial Literacy and Behaviour**

Variable	Rural Mean	Urban Mean	Overall Mean
Financial Literacy Score	5.3	6.8	5.9
Savings Behaviour	3.62	3.92	3.74
Investment Behaviour	3.29	3.84	3.51
Debt Management Behaviour	3.54	3.82	3.65
Financial Planning	3.39	3.82	3.56
Overall Perception	4.15	4.28	4.20

Source: Primary Data

**Figure 11: Comparison of Financial Literacy and Behaviour**



Urban respondents showed higher financial literacy and better financial planning behaviour than rural respondents. The largest gap was observed in investment behaviour and financial planning.

## 2. Inferential Statistics

Inferential statistics were used to examine whether financial literacy significantly influences household financial decision-making after controlling for income, education, gender, and area of residence.

For this purpose, a multiple regression analysis was conducted.

### 2.1 Regression Model

The regression model used in the study was:

$$\text{Household Financial Decision-Making} = \beta_0 + \beta_1 \text{ Financial Literacy} + \beta_2 \text{ Income} + \beta_3 \text{ Education} + \beta_4 \text{ Gender} + \beta_5 \text{ Area} + e$$

Where:

Variable	Description
Dependent Variable	Household Financial Decision-Making Index
Independent Variable	Financial Literacy Score
Control Variables	Income, Education, Gender, Area of Residence
Error Term	e

The household financial decision-making index was prepared by combining scores from savings behaviour, investment behaviour, debt management behaviour, and financial planning.

### 2.2 Model Summary

**Table 19: Regression Model Summary**

Model	R	R Square	Adjusted R-Square	Std. Error
1	0.632	0.399	0.392	0.487

Source: Primary Data

The R Square value of 0.399 indicates that approximately 39.9% of the variation in household financial decision-making is explained by financial literacy, income, education, gender, and area of residence.

### 2.3 ANOVA Result

**Table 20: ANOVA**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	78.412	5	15.682	66.184	0.000
Residual	117.088	494	0.237		
<b>Total</b>	195.500	499			

Source: Primary Data

The ANOVA result shows that the regression model is statistically significant at the 1% level. This means that the selected independent variables jointly explain household financial decision-making in a meaningful way.

## 2.4 Regression Coefficients

**Table 21: Regression Results**

Variable	Unstandardized Coefficient B	Standard Error	Beta	t-value	Sig.
Constant	1.842	0.214	—	8.607	0.000
Financial Literacy	0.286	0.031	0.421	9.226	0.000
Income	0.174	0.042	0.178	4.143	0.000
Education	0.219	0.039	0.236	5.615	0.000
Gender	0.061	0.035	0.064	1.743	0.082
Area of Residence	0.137	0.041	0.129	3.341	0.001

Source: Primary Data

## 2.5 Interpretation of Regression Results

The regression results show that financial literacy has a positive and statistically significant effect on household financial decision-making. The coefficient value of 0.286 indicates that a one-unit increase in financial literacy score leads to an increase of 0.286 units in household financial decision-making, keeping other factors constant.

Education also showed a significant positive effect. Respondents with higher education levels were more likely to make informed decisions regarding savings, investments, debt management, and financial planning.

Income was also significant, suggesting that households with higher income had better access to financial products and were more capable of planning savings and investments.

Area of residence was significant, indicating that urban households performed better in financial decision-making compared to rural households.

Gender was positive but not statistically significant at the 5% level. This suggests that while gender differences may exist, financial literacy, education, income, and area are stronger predictors of household financial decision-making.

## 3. Correlation Analysis

### 3.1. Relationship Between Financial Literacy and Financial Behaviour

**Table 22: Correlation Results**

Relationship	Correlation Value	Interpretation
Financial literacy and savings behaviour	0.48	Moderate positive relationship
Financial literacy and investment behaviour	0.56	Moderate positive relationship
Financial literacy and debt management	0.43	Moderate positive relationship
Financial literacy and financial planning	0.52	Moderate positive relationship

Source: Primary Data

The correlation results indicate that financial literacy is positively associated with all major dimensions of household financial behaviour. The strongest relationship was observed between financial literacy and investment behaviour, followed by financial planning.

#### 4. Qualitative Analysis

Qualitative analysis was conducted using thematic analysis. Semi-structured interviews were conducted with 30 participants, including financial advisors, policymakers, bank officials, self-help group leaders, and community representatives, to identify recurring themes related to financial literacy, household decision-making, and socio-cultural barriers in Chhattisgarh.

##### 4.1. Qualitative Quotations

1. **Bank Official:** “Many households have bank accounts, but they do not always understand interest calculation, loan repayment schedules, or insurance benefits.”
2. **Self-Help Group Leader:** “Women are very active in saving money, especially through self-help groups, but they need more awareness about investment and pension schemes.”
3. **Community Leader:** “In rural areas, people often borrow from informal sources because the process is quick, but they may not understand the high cost of such borrowing.”
4. **Financial Advisor:** “Financial literacy improves confidence. People who understand financial products are more likely to compare options before investing or borrowing.”
5. **Policy Representative:** “Financial education should be practical, regular, and delivered at the village level. One-time awareness camps are not enough.”

##### 4.2. Thematic Analysis Procedure

The interview data were analysed through the following steps:

1. Interview responses were read carefully.
2. Important statements were coded.
3. Similar codes were grouped into broader categories.
4. Major themes were identified.
5. Themes were interpreted in relation to the quantitative findings.

##### 4.3. Major Themes from Qualitative Data

**Table 23: Thematic Analysis of Interview Responses**

Theme	Key Observation	Interpretation
Limited conceptual understanding	Many households have bank accounts but do not understand interest, inflation, insurance, and investment risk.	Financial inclusion does not automatically mean financial literacy.
Rural financial awareness gap	Rural households depend more on informal sources of financial advice.	Rural households require targeted financial education.
Dependence on informal borrowing	Some households borrow from moneylenders because the process is quick and familiar.	Lack of awareness about formal credit increases financial vulnerability.
Low investment confidence	Respondents prefer safe options and avoid products they do not understand.	Financial literacy affects investment confidence and risk perception.

Role of women in savings	Women participate actively in savings, especially through self-help groups.	Women can become important agents of household financial literacy.
Digital payment hesitation	Older and rural respondents fear fraud, mistakes, and technical issues.	Digital financial literacy is needed along with general financial literacy.
Need for local-language training	Participants recommended awareness programmes in Hindi and local languages.	Financial literacy programmes should be practical, simple, and locally relevant.

#### 4.4. Summary of Findings

The responses indicate that financial literacy plays an important role in shaping household financial behaviour in Chhattisgarh. Most households were aware of basic banking services, but knowledge of inflation, interest calculation, investment products, insurance, and formal debt management remained limited.

Urban households showed better financial literacy than rural households. Education, income, occupation, and exposure to financial awareness programmes were major factors influencing financial literacy. Higher financial literacy was associated with better savings habits, more careful investment decisions, improved debt management, and stronger household financial planning.

Overall, the findings suggest that financial literacy programmes are highly needed, especially in rural areas, among low-income households, women, agricultural workers, and daily wage earners. The study also highlights the importance of practical training on savings, investment, digital payments, insurance, pension schemes, and responsible borrowing.

#### 4.5. Qualitative Interpretation

The qualitative findings support the quantitative results. While many households had access to banking services, their deeper understanding of financial concepts was limited. Rural households particularly faced barriers such as lack of awareness, dependence on informal advice, fear of digital fraud, and limited exposure to formal financial institutions.

The interviews also showed that women, self-help groups, bank officials, and community leaders can play an important role in improving financial literacy. Respondents suggested that financial education should be delivered through regular village-level programmes, practical demonstrations, local-language materials, and community-based training.

### 5. Integration of Quantitative and Qualitative Findings

**Table 24: Mixed-Methods Integration**

Quantitative Finding	Qualitative Support	Combined Interpretation
Urban respondents had higher financial literacy than rural respondents.	Interviewees reported limited rural awareness and dependence on informal advice.	Rural households need targeted financial literacy interventions.
Financial literacy positively influenced savings and investment behaviour.	Financial advisors stated that informed households compare options before saving or investing.	Financial literacy improves the quality of household financial decisions.

Investment behaviour had lower scores than savings behaviour.	Respondents were found to prefer safe options and avoid unfamiliar financial products.	Lack of risk knowledge limits investment participation.
Financial planning scores were moderate.	Community leaders reported weak budgeting and poor record-keeping practices.	Households need training in budgeting and long-term financial planning.
Participation in financial literacy programmes was low.	Policymakers stated that one-time awareness camps are insufficient.	Continuous and practical financial education is necessary.

### 6. Final Analytical Interpretation

The analytical results show that financial literacy has a significant influence on household financial decision-making in Chhattisgarh. Descriptive statistics revealed that most households had moderate financial literacy, with urban respondents performing better than rural respondents. Savings behaviour was stronger than investment behaviour and formal financial planning.

The regression analysis confirmed that financial literacy is a significant predictor of household financial decision-making, even after controlling for income, education, gender, and area of residence. Education, income, and urban residence also positively influenced financial behaviour.

The qualitative findings provided deeper insight into the reasons behind these patterns. Rural households faced barriers such as limited awareness, dependence on informal lenders, fear of digital payments, and lack of local-language financial education. Women and self-help groups emerged as important channels for improving financial awareness.

Therefore, the study concludes that improving financial literacy can strengthen household savings, investment decisions, debt management, and long-term financial planning in Chhattisgarh. The findings strongly support the need for regular, practical, and locally accessible financial literacy programmes, particularly in rural areas.

### Policy Implications

The results of this study have several implications for policymakers and stakeholders aiming to improve financial literacy and economic well-being in Chhattisgarh:

- Enhancing Rural Financial Education Programs:** Tailored financial literacy programs should be designed for rural households, focusing on basic financial concepts such as budgeting, savings, and debt management. Leveraging local community organizations and self-help groups (SHGs) could ensure wider reach and acceptance.
- Promoting Women-Centric Financial Literacy Initiatives:** Programs specifically targeting women, such as workshops on financial planning and micro-entrepreneurship, can help bridge the gender gap. Policies that incentivize women’s participation in financial decision-making, such as joint bank accounts or financial subsidies for women-led businesses, should be prioritized.
- Expanding Access to Formal Financial Services:** Strengthening financial infrastructure in rural areas, such as establishing more bank branches, ATMs, and digital payment platforms, can reduce reliance on informal credit sources. Public-private partnerships can play a key role in achieving this goal.

4. **Integrating Financial Literacy into Formal Education:** Introducing financial literacy as part of the school curriculum in Chhattisgarh can instil foundational financial skills from an early age. Adult education programs can complement this effort by targeting individuals who missed formal schooling.
5. **Utilizing Technology and Media:** Digital platforms and mass media campaigns can be effective tools for spreading financial awareness. Mobile applications and regional language content tailored to the needs of rural and semi-literate populations can help scale literacy efforts.

### Comparison with Existing Literature

This study's findings echo the conclusions of prior research on financial literacy in India and globally but contribute a unique regional perspective:

- Similar to Klapper et al. (2015), the study confirms the relationship between financial literacy and improved financial behaviour, highlighting its relevance even in low-income settings like Chhattisgarh.
- Unlike broader studies, this research provides granular insights into the urban-rural and gender disparities specific to Chhattisgarh, offering a localised understanding of barriers to financial literacy.

### Limitations of the Study

While the study provides significant insights, certain limitations must be acknowledged:

- **Self-Reporting Bias:** Respondents may have overestimated their financial knowledge or misrepresented their financial behaviours, affecting the accuracy of the findings.
- **Limited Generalizability:** The focus on Chhattisgarh limits the applicability of results to other states or regions with different socio-economic contexts.
- **Cross-Sectional Design:** The study captures financial literacy at a single point in time, making it difficult to assess changes or causality.
- **Sample Size:** While the sample size provides robust insights, the findings may not be generalizable to all households in Chhattisgarh.
- **Regional Focus:** The focus on Chhattisgarh limits the applicability of findings to other states or regions.

### Recommendations for Future Research

1. **Longitudinal Studies:** Tracking financial literacy levels over time can provide insights into the long-term impact of literacy programs.
2. **Comparative Studies:** Future research could compare Chhattisgarh with other states to identify best practices and scalable solutions.
3. **Focused Gender Studies:** Exploring the specific barriers women face in acquiring financial literacy can inform targeted interventions.

### Conclusion

This study underscores the profound impact of financial literacy on household decision-making in Chhattisgarh, a region characterised by socio-economic diversity and systemic barriers to financial inclusion. The findings highlight the low levels of financial literacy across the state, with rural households and women disproportionately disadvantaged. Financially literate households exhibited better budgeting,

saving, and investment practices, whereas those lacking financial literacy were more prone to financial vulnerabilities, such as reliance on informal credit and inadequate risk management.

Urban households exhibited significantly higher levels of financial literacy compared to their rural counterparts, reflecting disparities in access to education and financial infrastructure. Similarly, gender emerged as a critical determinant, with women facing pronounced challenges in acquiring financial knowledge due to socio-cultural norms.

The study validates global research on the benefits of financial literacy (Lusardi & Mitchell, 2014; Klapper et al., 2015) while adding a regional perspective to the discourse. It also reinforces the importance of targeted financial education programs and structural reforms to address the specific needs of vulnerable populations in Chhattisgarh.

### Future Research Directions

Given the limitations and scope of this study, several areas warrant further investigation:

1. **Exploring Causal Relationships:** Future research could adopt longitudinal designs to examine the causal impact of financial literacy interventions on household financial behaviours over time. Such studies could assess the long-term effectiveness of financial education programs in improving economic outcomes.
2. **Evaluating Financial Education Programs:** A detailed evaluation of existing financial literacy initiatives, such as those led by the Reserve Bank of India (RBI) and self-help groups (SHGs), can identify best practices and areas for improvement.
3. **Focus on Digital Financial Literacy:** With the increasing penetration of digital banking and fintech in India, understanding the role of digital literacy in financial behaviours is critical. Studies could explore how access to digital tools impacts decision-making in rural and semi-urban settings.
4. **Intersectional Studies:** Research on the intersection of gender, caste, and financial literacy can shed light on the compounded barriers faced by marginalised groups. This approach would enable policymakers to design inclusive and equitable financial education programs.
5. **Comparative Regional Analyses:** Comparing financial literacy levels and decision-making patterns across Indian states can provide insights into regional best practices and scalable solutions for financial inclusion.

By addressing these gaps, future research can contribute to a deeper understanding of the dynamics of financial literacy and its role in promoting economic resilience and empowerment in underserved communities. Policymakers and stakeholders must prioritize financial education as a cornerstone of sustainable development, ensuring that no household is left behind in the journey toward financial well-being.

### References:

1. Census of India. (2011). *Population Census 2011*. Government of India. Retrieved from <https://censusindia.gov.in>
2. Economic Survey of Chhattisgarh. (2022). *Socio-economic overview of Chhattisgarh*. Government of Chhattisgarh.
3. Agarwal, S., Amromin, G., Ben-David, I., Chomsisengphet, S., & Evanoff, D. D. (2015). Financial literacy and financial planning: Evidence from India. *Journal of Housing Economics*, 27, 4–21. doi:10.1016/j.jhe.2015.02.003

4. Atkinson, A., & Messy, F.-A. (2012). *Measuring financial literacy: Results of the OECD/International Network on Financial Education (INFE) pilot study*. OECD Working Papers on Finance, Insurance and Private Pensions, No. 15. OECD Publishing. doi:10.1787/5k9csfs90fr4-en
5. Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3(2), 77–101. doi:10.1191/1478088706qp063oa
6. Census of India. (2011). *Population Census 2011*. Government of India.
7. Creswell, J. W., & Plano Clark, V. L. (2018). *Designing and conducting mixed methods research* (3rd ed.). SAGE Publications.
8. Directorate of Economics and Statistics, Government of Chhattisgarh. (2022). *Economic Survey of Chhattisgarh 2021–22*. Government of Chhattisgarh.
9. Directorate of Economics and Statistics, Government of Chhattisgarh. (2024). *Chhattisgarh at a glance 2024*. Government of Chhattisgarh.
10. Huston, S. J. (2010). Measuring financial literacy. *Journal of Consumer Affairs*, 44(2), 296–316. doi:10.1111/j.1745-6606.2010.01170.x
11. Kaiser, T., & Menkhoff, L. (2017). Does financial education impact financial literacy and financial behavior, and if so, when? *The World Bank Economic Review*, 31(3), 611–630.
12. Klapper, L., Lusardi, A., & Van Oudheusden, P. (2015). *Financial literacy around the world: Insights from the Standard & Poor's Ratings Services Global Financial Literacy Survey*. World Bank Group.
13. Klapper, L., Singer, D., & Ansar, S. (2022). *The Global Findex Database 2021: Financial inclusion, digital payments, and resilience in the age of COVID-19 — India country brief*. World Bank.
14. Lusardi, A., & Mitchell, O. S. (2014). The economic importance of financial literacy: Theory and evidence. *Journal of Economic Literature*, 52(1), 5–44. doi:10.1257/jel.52.1.5
15. Lusardi, A., & Tufano, P. (2015). Debt literacy, financial experiences, and overindebtedness. *Journal of Pension Economics and Finance*, 14(4), 332–368.
16. National Centre for Financial Education. (2019). *Financial literacy and inclusion in India: Final report*. NCFE.
17. National Centre for Financial Education. (2020). *National Strategy for Financial Education 2020–2025*. NCFE.
18. OECD. (2022). *OECD/INFE toolkit for measuring financial literacy and financial inclusion 2022*. OECD Publishing. doi:10.1787/cbc4114f-en
19. Pradhan Mantri Jan Dhan Yojana. (n.d.). *Scheme details*. Department of Financial Services, Ministry of Finance, Government of India.
20. Remund, D. L. (2010). Financial literacy explicated: The case for a clearer definition in an increasingly complex economy. *Journal of Consumer Affairs*, 44(2), 276–295. doi:10.1111/j.1745-6606.2010.01169.x
21. Reserve Bank of India. (2019). *National Strategy for Financial Inclusion 2019–2024*. Reserve Bank of India.
22. Reserve Bank of India. (2020). *National Strategy for Financial Education 2020–2025*. Reserve Bank of India.
23. Reserve Bank of India. (n.d.). *Financial Literacy Centres and Centres for Financial Literacy*.
24. Allgood, S., & Walstad, W. B. (2016). The effects of perceived and actual financial literacy on financial behaviors. *Economic Inquiry*, 54(1), 675–697. DOI: 10.1111/ecin.12255

25. Bruhn, M., de Souza Leão, L., Legovini, A., Marchetti, R., & Zia, B. (2016). The impact of high school financial education: Evidence from a large-scale evaluation in Brazil. *American Economic Journal: Applied Economics*, 8(4), 256–295. DOI: 10.1257/app.20150149
26. Cole, S., Sampson, T., & Zia, B. (2011). Prices or knowledge? What drives demand for financial services in emerging markets? *The Journal of Finance*, 66(6), 1933–1967. DOI: 10.1111/j.1540-6261.2011.01696.x
27. Demirgüç-Kunt, A., Klapper, L., Singer, D., & Ansar, S. (2022). *The Global Findex Database 2021: Financial inclusion, digital payments, and resilience in the age of COVID-19*. World Bank.
28. Fernandes, D., Lynch, J. G., Jr., & Netemeyer, R. G. (2014). Financial literacy, financial education, and downstream financial behaviors. *Management Science*, 60(8), 1861–1883. DOI: 10.1287/mnsc.2013.1849
29. Grohmann, A., Klühs, T., & Menkhoff, L. (2018). Does financial literacy improve financial inclusion? Cross-country evidence. *World Development*, 111, 84–96. DOI: 10.1016/j.worlddev.2018.06.020
30. Lusardi, A., & Tufano, P. (2015). Debt literacy, financial experiences, and overindebtedness. *Journal of Pension Economics and Finance*, 14(4), 332–368. DOI: 10.1017/S1474747215000232
31. Morgan, P. J., & Long, T. Q. (2020). Financial literacy, financial inclusion, and savings behavior in Laos. *Journal of Asian Economics*, 68, 101197. DOI: 10.1016/j.asieco.2020.101197
32. Reserve Bank of India. (2016). *Financial Literacy Centres: Revised guidelines*. Reserve Bank of India.
33. van Rooij, M., Lusardi, A., & Alessie, R. (2011). Financial literacy and stock market participation. *Journal of Financial Economics*, 101(2), 449–472. DOI: 10.1016/j.jfineco.2011.03.006
34. Sharma, P., & Gupta, R. (2021). Gender disparity in financial literacy: An analysis of rural women in Chhattisgarh. *Indian Journal of Gender Studies*, 28(4), 513-528.
35. Kumar, R., & Pal, D. (2020). Informal finance and financial literacy: Evidence from rural central India. *Economic and Political Weekly*, 55(34), 21-27.