

Financial Literacy Among Economically Disadvantaged Working Individuals in Panipat, Haryana: A Comparative Study of Financial Awareness and Money Management

Hansika¹, Dr. Pawan Kumar²

¹Research Scholar, ²Research Supervisor

Abstract:

Financial literacy is an important determinant of household financial wellbeing, particularly among economically disadvantaged individuals who must manage limited resources while meeting essential family needs. Inadequate financial awareness can contribute to difficulties in budgeting, saving, borrowing, and preparing for future expenses. This study examines financial literacy and money management practices among working individuals in Panipat, Haryana, with particular emphasis on the role of community based financial education.

The research draws on an initial survey, a three-month financial education initiative, and a subsequent follow up survey. It examines sixteen indicators relating to income adequacy, employment satisfaction, expense tracking, saving habits, borrowing, financial security, household communication, digital payments, and awareness of government schemes. The comparison indicates substantial differences in several reported financial practices. The proportion of respondents who maintained records of their expenses increased from 41% to 77.7%, while the proportion reporting that they saved money increased from 47% to 72%. The use of digital payment applications rose from 51% to 84%. The follow up figures also indicate reductions in reported financial worry, money related household tension, and borrowing to fulfil demands.

The findings highlight the importance of practical financial education that addresses the everyday circumstances of economically vulnerable households. The study emphasises that financial literacy extends beyond theoretical knowledge and includes the ability to apply financial concepts to personal and household decisions. It concludes that accessible financial education can form a valuable part of broader efforts to strengthen financial awareness, encourage responsible money management, and improve household financial preparedness.

Keywords: Financial literacy, household finance, financial education, saving behaviour, borrowing, digital payments, economic vulnerability, Panipat.

1. Introduction

Financial literacy is the ability to understand and apply financial knowledge when making decisions about income, expenditure, saving, borrowing, and future planning. It enables individuals to assess their financial circumstances, allocate resources responsibly, and make informed choices about their economic

well being. As financial products and payment systems become increasingly complex, the importance of these skills continues to grow.

For economically disadvantaged households, managing money can be particularly challenging. Limited or irregular earnings often require families to prioritise essential expenses such as food, housing, healthcare, and education. An unexpected medical expense, employment disruption, or other financial emergency can place considerable pressure on a household that has little or no savings. In such circumstances, borrowing may become necessary, sometimes creating further difficulties when repayment obligations exceed what the household can comfortably afford.

Financial hardship, however, cannot be attributed solely to a lack of financial knowledge. Low incomes, unstable employment, unequal access to financial services, and limited social protection can also restrict the choices available to individuals. Financial education is therefore most useful when it recognises these realities and equips participants with practical skills that can be applied within their circumstances.

The present study emerged from an examination of financial awareness among working individuals in Panipat, Haryana. The initial survey explored how respondents managed their earnings, whether they maintained expense records, how frequently they saved, and how they perceived their financial security. It also examined borrowing practices, household financial discussions, digital payment usage, and awareness of government schemes.

The initial findings highlighted several areas of concern, including limited expense tracking, insufficient savings, dependence on borrowing, and anxiety about future financial responsibilities. These findings provided a basis for conducting financial education sessions over a period of three months, followed by a survey intended to examine changes in participants' reported financial practices.

The central purpose of this research is to compare the initial and follow up findings, identify the areas showing the greatest differences, and examine the broader significance of financial education for household financial management.

2. Review of Literature

Financial literacy has become an important area of research because of its relationship with individual decision making and household economic security. Research and policy initiatives increasingly recognise that financial capability involves more than familiarity with financial terminology. It also requires the ability to interpret information, evaluate alternatives, and make decisions appropriate to one's financial circumstances.

The Organisation for Economic Co operation and Development has emphasised the importance of financial knowledge, behaviour, and attitudes in its work on adult financial literacy. These dimensions are closely related. Knowledge of saving, for example, may help an individual understand its benefits, but effective financial management also requires the ability to establish realistic goals and maintain consistent habits.

Budgeting is one of the most practical components of financial literacy. Recording income and expenditure allows individuals to understand spending patterns and distinguish essential expenses from less urgent purchases. For households with limited resources, this awareness may help improve the allocation of available income and identify opportunities for saving.

Saving is equally important because it can provide a degree of protection against unexpected expenses. Although the amount an individual can save depends heavily on income and household obligations, understanding the purpose of emergency savings can support better financial planning. Similarly,

informed borrowing decisions require an understanding of interest, repayment schedules, loan conditions, and the consequences of taking on debt that cannot reasonably be repaid.

Digital financial services have created additional opportunities for financial participation. Digital payments can make transactions more convenient and reduce the need to handle cash, but safe usage requires awareness of fraud prevention, privacy, and secure authentication. Financial inclusion also involves understanding the availability of formal banking services and relevant government schemes.

In India, the Reserve Bank of India has promoted financial education as part of its broader efforts to improve financial awareness. Such initiatives reflect the importance of making reliable financial information accessible to people with different educational backgrounds and levels of financial experience.

The present study builds on these themes by examining practical financial behaviour among working individuals in Panipat. Rather than focusing exclusively on theoretical knowledge, it considers indicators that relate directly to household financial management and everyday economic decisions.

3. Objectives of the Study

The study has six principal objectives:

1. To examine the financial circumstances and money management practices of economically disadvantaged working individuals in Panipat.
2. To assess reported patterns of budgeting, saving, borrowing, and preparation for future financial needs.
3. To compare the initial survey findings with the results presented in the follow up survey.
4. To identify the financial indicators showing the most substantial differences between the two stages.
5. To examine changes in reported financial confidence, household communication, digital payment usage, and awareness of government schemes.
6. To develop recommendations for improving community based financial education.

4. Research Methodology

4.1 Research Design

The study adopts a descriptive and comparative research design. It examines financial practices reported in an initial survey and compares them with the percentages presented in a subsequent follow up survey after a three month financial education initiative.

4.2 Study Area and Participants

The research focuses on economically disadvantaged working individuals in Panipat, Haryana. The initial survey examined approximately 200 respondents and collected information about their age, family size, educational background, and place of residence, alongside questions relating to financial circumstances and behaviour.

The follow up summary contains responses from 175 participants. The comparison presented in this paper covers sixteen financial indicators for which both initial and follow up percentages are available.

4.3 Data Collection and Financial Education

The initial questionnaire examined income adequacy, employment satisfaction, expense tracking, saving, borrowing, financial preparedness, and household financial concerns. It also included questions about digital payments and the use of government schemes.

Following the initial survey, financial education sessions were conducted over three months. The sessions focused on practical aspects of managing money, with the aim of making financial concepts understandable and relevant to participants' everyday circumstances.

A subsequent survey was used to examine reported financial practices and perceptions. The resulting figures provide a basis for comparing the two sets of findings and identifying areas in which responses differed.

4.4 Data Analysis

The analysis is based on the percentage of respondents answering affirmatively to each survey question. Changes are expressed in percentage points, calculated by subtracting the initial percentage from the follow up percentage.

For indicators such as saving, expense tracking, and digital payment usage, an increase in affirmative responses may indicate a favourable change. For negatively framed indicators, including financial worry and borrowing to fulfil demands, a decline may indicate improvement.

The results are interpreted descriptively. The analysis identifies differences in reported responses but does not, by itself, establish that financial education was the sole cause of those differences.

5. Results and Findings

5.1 Financial Circumstances at the Initial Stage

The initial survey revealed several challenges in household financial management. Only 47% of respondents reported saving some money, while 50% indicated that they had money available for difficult times. These figures suggest that many participants had limited financial reserves for unexpected expenses. Borrowing was another significant feature of the initial findings. Approximately 56.5% of respondents reported taking loans to fulfil their demands, and 61.5% reported currently having a loan. These figures demonstrate the importance of understanding household borrowing patterns, although the survey does not establish the size or purpose of individual loans.

Financial insecurity was also evident in respondents' reported perceptions. Some 59% expressed worry about their financial condition, while 57% reported tension at home due to money. Furthermore, only 46.5% indicated that they felt secure about their financial future.

The findings concerning everyday financial practices were similarly important. Only 41% reported keeping records of their expenses, and 50% reported discussing household expenses with family members. These results identified budgeting, saving, and financial planning as important areas for further attention.

5.2 Comparison of Initial and Follow Up Findings

Table 1. Comparison of financial indicators before and after the education initiative

Financial indicator	Initial survey	Follow up survey	Change in percentage points
Pay is sufficient	31%	54.9%	23.9
Satisfied with job	43%	65.1%	22.1

Keeps records of expenses	41%	77.7%	36.7
Household demands are satisfied	48.5%	76%	27.5
Takes loans to fulfil demands	56.5%	37.7%	-18.8
Saves some money	47%	72%	25.0
Has money for difficult times	50%	74.3%	24.3
Currently has a loan	61.5%	42.9%	-18.6
Discusses expenses with family	50%	76%	26.0
Worried about financial condition	59%	36%	-23.0
Prepared for children's future expenses	50%	74.3%	24.3
Feels secure about financial future	46.5%	72%	25.5
Reports money related tension at home	57%	34.3%	-22.7
Has used digital payment applications	51%	84%	33.0
Feels safe using digital payments	62%	82.9%	20.9
Has used government schemes	53%	70.9%	17.9

Source: Initial financial literacy survey and supplied follow up survey summary. Changes are calculated from the percentages reported in the two summaries.

The comparison indicates favourable differences across several dimensions of reported financial behaviour. The most substantial increases occurred in expense tracking and digital payment usage. Saving, family discussions about expenses, and perceived financial security also showed notable increases. Meanwhile, reported financial worry, money related household tension, and borrowing to fulfil demands declined.

These findings provide a useful overview of the areas in which respondents' answers differed between the initial and follow up stages.

5.3 Budgeting and Expense Tracking

Expense tracking showed the largest increase among the indicators examined. The proportion of respondents reporting that they maintained records of their expenses rose from 41% to 77.7%, an increase of 36.7 percentage points.

This change is particularly relevant because budgeting begins with an understanding of how money is spent. When individuals record their expenditure, they can identify recurring costs, assess the relative importance of different expenses, and plan their available income more carefully.

The proportion reporting that household demands were satisfied also increased from 48.5% to 76%. Although this indicator does not directly measure budgeting ability, it provides additional information about respondents' perceptions of their capacity to meet household needs.

Taken together, these results emphasise the relevance of practical financial education. Simple techniques such as maintaining an expense record and planning expenditure can make financial concepts more accessible and applicable to everyday life.

5.4 Saving and Emergency Preparedness

The proportion of respondents who reported saving money increased from 47% to 72%, representing a rise of 25 percentage points. Similarly, the proportion reporting that they had money available for difficult times increased from 50% to 74.3%.

These changes are important because emergency savings can provide households with greater flexibility when unexpected costs arise. Even small amounts of savings may help families manage unforeseen expenses without immediately relying on loans, provided that their income allows them to set money aside.

The proportion reporting readiness to meet children's future expenses also increased from 50% to 74.3%. This finding highlights the importance of planning for long term responsibilities, including education and other family needs.

Nevertheless, the survey does not quantify the amount saved by respondents or establish whether these savings were sustained over time. The results therefore reflect reported financial practices rather than a verified increase in household wealth.

5.5 Borrowing and Financial Pressure

The comparison shows a decline in the proportion of respondents reporting that they took loans to fulfil demands, from 56.5% to 37.7%. The proportion reporting that they currently had a loan also decreased, from 61.5% to 42.9%.

These differences may indicate a reduction in reported borrowing. Financial education can help individuals understand repayment obligations, evaluate loan conditions, and consider alternatives before taking on additional debt.

The findings also show a decline in reported financial worry, from 59% to 36%. Similarly, the proportion reporting tension at home due to money decreased from 57% to 34.3%.

Financial pressure can affect household relationships and make it difficult to plan for future needs. Consequently, these indicators are relevant to a broader understanding of household financial well being. However, the findings require careful interpretation. The survey does not establish the reasons for taking loans, the amount of debt outstanding, or the causes of changes in financial stress. A more detailed assessment would be necessary to determine whether the observed differences correspond to a measurable reduction in household debt or financial hardship.

5.6 Digital Payments and Government Schemes

Reported use of digital payment applications increased from 51% to 84%, representing a rise of 33 percentage points. The proportion of respondents who reported feeling safe using digital payments increased from 62% to 82.9%.

These results highlight the growing relevance of digital financial awareness. The ability to use payment applications can improve convenience and facilitate everyday transactions, but confidence must be

accompanied by an understanding of security. Individuals need to recognise suspicious requests, protect authentication details, and use legitimate financial platforms.

The proportion reporting that they had used government schemes increased from 53% to 70.9%. Awareness of public support mechanisms can be important for eligible households, particularly when financial resources are limited.

Further research could examine which schemes participants used, whether they understood the eligibility requirements, and what barriers they encountered when seeking assistance. Such information would help determine how financial education could more effectively connect individuals with relevant services.

5.7 Financial Confidence and Household Communication

The proportion of respondents who felt secure about their financial future increased from 46.5% to 72%. The proportion reporting that they discussed household expenses with family members also rose from 50% to 76%.

These changes suggest a more positive pattern in respondents' reported financial perceptions and communication practices. Discussions about money can help family members establish priorities, coordinate spending, and prepare for future responsibilities.

Financial confidence is important, but it should not be confused with objective financial security. A person may feel more prepared without having sufficient savings or protection against a major emergency. Future evaluations should therefore examine both perceived confidence and measurable financial indicators.

6. Discussion

The findings present a broad pattern of favourable differences in reported financial practices. Expense tracking and digital payment usage showed the largest increases, while saving, family communication, and perceived financial security also increased. The follow up summary further records declines in financial worry, household tension related to money, and borrowing to fulfil demands.

These patterns reinforce the importance of practical financial capability. Financial literacy becomes meaningful when individuals can apply what they learn to decisions about expenditure, saving, borrowing, and future planning. The increase in reported expense tracking is especially noteworthy because understanding household expenditure is a foundation for many other financial decisions.

The differences relating to saving and emergency preparedness also deserve attention. For households with limited resources, financial planning must be realistic and sensitive to competing essential needs. Financial education cannot eliminate the structural causes of poverty, but it can help individuals make more informed choices within their available resources.

The results concerning digital payments and government schemes demonstrate that financial literacy also involves navigating formal financial services. Education should therefore address digital security, access to reliable information, and awareness of available public support.

At the same time, the findings should not be interpreted as conclusive proof that the education initiative alone produced the observed changes. Income, employment, household circumstances, and other forms of assistance may also influence financial behaviour. A more rigorous evaluation would require verified participant level records, a clearly defined comparison group, and follow up assessments over a longer period.

7. Recommendations

Based on the findings, several measures could strengthen future financial education initiatives.

First, budgeting should remain a central component of financial education. Participants should be encouraged to record their expenditure, distinguish essential needs from discretionary spending, and review their budgets regularly.

Second, education should promote realistic saving habits. Participants should be supported in identifying achievable goals and understanding how even modest savings may help prepare for emergencies when their financial circumstances permit.

Third, borrowing should be addressed through practical examples. Understanding interest, repayment schedules, loan conditions, and the risks of excessive debt can help individuals make more informed decisions.

Fourth, household financial communication should be encouraged. Families can benefit from discussing expenses, savings, education costs, and future responsibilities together.

Fifth, digital financial education should include guidance on secure transactions, fraud prevention, and the protection of personal banking information.

Sixth, awareness of government schemes should be strengthened through accurate information about eligibility, application procedures, and official sources of assistance.

Finally, financial education initiatives should be evaluated over time. Repeated assessments can help establish whether changes in reported behaviour persist and identify areas requiring further support.

8. Limitations of the Study

The study has several limitations. It relies on reported survey responses, which may not always correspond exactly to actual financial behaviour. The sixteen indicators provide useful information about household financial practices, but they do not measure every aspect of financial literacy, such as knowledge of interest calculations, inflation, insurance, or investment risk.

The initial and follow up summaries also differ in the number of respondents represented. The follow up summary contains 175 participants, and the extent to which individual responses can be matched across both stages should be established when interpreting the findings.

Furthermore, the study does not include a comparison group that did not participate in the financial education initiative. Consequently, the analysis cannot establish that the initiative alone caused the differences observed in the follow up figures.

Future research could address these limitations through clearly documented data collection procedures, participant level comparisons, objective measures of financial knowledge, and longer term follow up assessments. Collecting information about actual savings, outstanding debt, and the regularity of budgeting practices would also strengthen the analysis.

9. Conclusion

Financial literacy is an important component of household financial wellbeing. It equips individuals with the knowledge and practical skills required to manage income, monitor expenditure, save where possible, evaluate borrowing decisions, and prepare for future responsibilities. These skills are particularly relevant to economically disadvantaged households, where limited resources can make unexpected expenses difficult to manage.

This study examined financial management practices among working individuals in Panipat, Haryana, by comparing an initial survey with a post education follow up summary. The reported findings indicate

substantial differences in several areas, particularly expense tracking, saving, digital payment usage, household communication, and perceived financial security. The follow up figures also show declines in reported financial worry, money related household tension, and borrowing to fulfil demands.

The results underline the importance of financial education that is practical, accessible, and responsive to the circumstances of participants. Budgeting, saving, responsible borrowing, digital security, and awareness of government schemes are valuable areas for community based learning.

Ultimately, financial literacy should be understood as part of a broader effort to improve economic resilience. Education can support better decision making, but lasting financial security also depends on income stability, access to appropriate financial services, and wider economic opportunities. Continued research and careful evaluation can help ensure that financial education initiatives remain relevant and that their outcomes are assessed with accuracy and rigour.

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