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Impact of Financial Literacy among Urban and Rural Women in Durg District, Chhattisgarh: A Comparative Study

ORIGINAL ARTICLE



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Abstract

Financial literacy plays a pivotal role in empowering women by enabling informed financial decisions, promoting savings, investment, and economic independence. This study examines the level of financial literacy among urban and rural women in Durg district, Chhattisgarh, and its impact on financial behavior and empowerment. Using a sample of 200 women (100 urban and 100 rural), primary data was collected via structured questionnaires and secondary data also used. The study employs descriptive statistics, independent samples t-test, chi-square test, one-way ANOVA, and Pearson's correlation analysis. Findings reveal a statistically significant difference in financial literacy scores between urban and rural women ($t = 13.98, p < 0.001$), with urban women demonstrating substantially higher awareness across all dimensions including basic financial knowledge, savings and investment behaviour,

digital banking, insurance coverage, and knowledge of Government schemes. Education level, income, and access to banking infrastructure emerge as the strongest predictors of financial literacy. Furthermore, a strong positive correlation ($r = 0.731, p < 0.001$) is established between financial literacy and women's overall empowerment index. The study recommends targeted financial education programmes, expanded banking outreach, and the mainstreaming of gender-sensitive financial inclusion policies in rural Chhattisgarh.

Key Words

Financial Literacy, Women Empowerment, Urban-Rural Women, Financial Inclusion, Digital Finance.

Introduction

Financial literacy the ability to understand and effectively use financial skills including personal financial management, budgeting, and investing has gained increasing scholarly attention in the context of development economics and gender studies. For women, particularly in developing nations like India, financial literacy is not merely an economic tool but a pathway to autonomy, dignity, and social participation. Despite the rapid strides India has made toward financial inclusion through flagship initiatives such as Pradhan Mantri Jan Dhan Yojana (PMJDY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Sukanya Samridhhi Yojana, and

the expansion of the Unified Payments Interface (UPI), the gender gap in financial knowledge and access remains alarmingly wide, especially in semi-urban and rural geographies.

Chhattisgarh, a Central Indian state carved out of Madhya Pradesh in 2000, presents a compelling context for this study. With a large tribal population, a significant proportion of its female population remains outside the formal financial system. Durg district in Chhattisgarh, with a population of over 3.3 million (2011 Census), has approximately 61.58% rural and 38.42% urban residents. Women constitute nearly half the population, yet face disparities in education, employment, and financial access. The Durg district, with its mix of urban centers and extensive rural areas, offers a suitable setting to differentiate the financial literacy profiles of women across these two environments. Understanding these differences provides a basis for developing effective strategies that support women's financial autonomy.

Financial literacy knowledge of budgeting, saving, investing, credit, and risk management is essential for women's economic participation. Nationally, India's financial literacy stands at 27%, with women at lower levels (20-21%) than men, and rural areas lagging behind urban ones. Low literacy leads to reliance on informal finance, limited investment in productive assets, and reduced empowerment.

The significance of this research is amplified by the increasing feminization of poverty in India's rural regions, where women bear the primary responsibility of household financial management yet are disproportionately excluded from formal financial education. Enhancing financial literacy among women is not merely an individual-level intervention; it is a catalyst for intergenerational wealth transfer, healthier financial habits, and community-level economic resilience.

Review of Literature

The scholarly discourse on financial literacy is rich and multi-disciplinary, drawing from economics, sociology, behavioural finance, and gender studies. A selective but comprehensive review of relevant literature is presented below:

Lusardi and Mitchell (2014) provide the foundational theoretical framework for understanding financial literacy as a form of human capital. Their seminal research across 25 countries establishes that low financial literacy is associated with poor retirement planning, high-cost borrowing, and inadequate insurance coverage. Women, older respondents, and those with lower education showed significantly lower scores a finding replicated across numerous subsequent studies.

Agarwal et al. (2015) investigated the link between financial literacy and household wealth in Indian states, finding that states with higher female literacy rates also demonstrated higher household savings rates and more diversified investment portfolios. They argue that women's financial literacy has a multiplier effect on household economic wellbeing, children's schooling, and community-level financial behaviour.

Dwivedi et al. (2015) found urban populations more literate than rural, with men outperforming women in knowledge and behavior despite women's positive attitudes.

Grohmann et al. (2018) studied financial literacy among low-income households and found a strong correlation between literacy levels and the use of formal financial services. Rural respondents consistently lagged behind urban counterparts due to infrastructural deficiencies and lower educational attainment.

Patel and Dixit (2019) examined SHG (Self-Help Group) participation and its impact on women's financial awareness in Raipur district. Their findings indicate that SHG membership significantly improved awareness of savings and credit mechanisms, though knowledge of insurance and investment products remained limited.

Devi and Kumar (2020) conducted a comparative study of financial literacy across urban and rural women in Madhya Pradesh, a geographically and demographically similar state. They reported that urban women scored 42% higher than rural women on standardised financial literacy tests, with the urban-rural gap widening further in digital financial services. Notably, younger women and those with secondary education or above showed marked improvement across categories.

Singh and Kaur (2021) examined the role of Government financial inclusion programmes (specifically PMJDY) in bridging the gender gap in Chhattisgarh. While account ownership increased substantially, they found that mere account possession did not translate into financial literacy or active usage, corroborating the 'zero-balance account' critique frequently raised in policy literature.

Objectives of the Study

1. To assess the level of financial literacy among urban and rural women in Durg District, Chhattisgarh.
2. To compare and analyse the differences in financial literacy levels between urban and rural women across seven key dimensions.
3. To identify the socio-demographic determinants (education, income, occupation, age) of financial literacy among the study population.
4. To examine the relationship between financial literacy and women's economic empowerment and financial decision-making behaviour.
5. To suggest policy recommendations for improving financial literacy levels among rural women in Durg District.

Hypotheses of the Study

- H₀₁**: There is no significant difference in the overall financial literacy levels between urban and rural women in Durg District.
- H₀₂**: There is no significant difference in the financial decision-making behaviour between urban and rural women.
- H₀₃**: Income level has no significant influence on financial literacy levels among women in Durg District.
- H₀₄**: There is no significant positive correlation between financial literacy and women's economic empowerment in Durg District.

Research Methodology

Research Design: Descriptive and comparative, with primary data from a cross-sectional survey.

Study Area: The study was conducted in Durg District, Chhattisgarh. Urban areas covered include Durg City (Municipal Corporation zones) and selected wards of Bhilai Nagar. Rural areas encompass villages from Patan and Durg blocks of the district, selected for their representativeness in terms of occupational patterns, proximity to urban centres, and SHG activity.

Sample Size and Sampling: Total 200 women (100 urban from Durg/Bhilai areas, 100 rural from surrounding villages), selected via stratified random sampling. Respondents aged 18-60, diverse in education/income.

Data Collection: Structured questionnaire with sections on demographics, financial knowledge (e.g., interest rates, inflation, banking products), attitude, behavior (budgeting, saving, investment), and empowerment (decision-making). Likert scales and multiple-choice used. Pilot-tested for reliability. Secondary Data collected from books, magazine, journal & Internet.

Tools: Mean, Standard Deviation, Frequencies, Percentages, Chi-Square Test, One-Way ANOVA and Pearson's Correlation Analysis for testing the relationship between financial literacy and empowerment. SPSS is used for data analysis.

Limitation

1. Data was collected from Durg District
2. Sample size was 200, 100 from rural women and 100 from urban women for Durg District.
3. Financial literacy is a dynamic concept result may change over time.

4. Self-reported data may have response bias.
5. The study focused exclusively on women and does not provide a gendered comparison with male financial literacy, which may be necessary for a complete understanding of household financial dynamics.

Data Analysis and Interpretation

Table 1: Age-wise Distribution of Respondents

| Age Group | Urban Women | % | Rural Women | % | Total | % |
|----------------|-------------|--------------|-------------|--------------|------------|--------------|
| Below 25 years | 18 | 18.0 | 14 | 14.0 | 32 | 16.0 |
| 25–35 years | 32 | 32.0 | 28 | 28.0 | 60 | 30.0 |
| 36–45 years | 28 | 28.0 | 34 | 34.0 | 62 | 31.0 |
| 46–55 years | 14 | 14.0 | 16 | 16.0 | 30 | 15.0 |
| Above 55 years | 08 | 08.0 | 08 | 8.0 | 16 | 08.0 |
| Total | 100 | 100.0 | 100 | 100.0 | 200 | 100.0 |

(Source: Primary Data)

Socio-Demographic Profile of Respondents

Table 1 presents the age-wise distribution of the 200 respondents. The majority of respondents fall in the 25–45 age bracket, with a slightly higher concentration of older women (36–45 years) in rural areas (34%) compared to urban areas (28%), suggesting earlier entry into marriage and economic roles among rural women.

Table 2: Educational Qualification of Respondents

| Education Level | Urban (n=100) | % | Rural (n=100) | % |
|--------------------------------|---------------|--------------|---------------|--------------|
| Illiterate | 04 | 4.0 | 22 | 22.0 |
| Primary (up to Class 5) | 06 | 6.0 | 28 | 28.0 |
| Secondary (Class 6–10) | 18 | 18.0 | 30 | 30.0 |
| Higher Secondary (Class 11–12) | 22 | 22.0 | 12 | 12.0 |
| Graduate | 34 | 34.0 | 06 | 06.0 |
| Post-Graduate & Above | 16 | 16.0 | 02 | 02.0 |
| Total | 100 | 100.0 | 100 | 100.0 |

(Source: Primary Data)

Table 2 reveals stark differences in educational attainment. While 50% of urban respondents hold graduate or post-graduate degrees, only 8% of rural women have attained the same level. Alarming, 22% of rural respondents are illiterate, compared to just 4% in urban areas. This educational disparity is a critical contextual factor shaping the financial literacy differential explored in subsequent sections.

Table 3: Dimension-wise Financial Literacy Scores and Independent Samples t-Test

| Financial Literacy Dimension | Urban Mean (SD) | Rural Mean (SD) | t-value | p-value | Significance |
|-----------------------------------|--------------------|--------------------|--------------|--------------|--------------|
| Basic Financial Knowledge | 3.82 (0.61) | 2.74 (0.78) | 11.24 | 0.000 | *** |
| Savings & Investment Awareness | 3.64 (0.72) | 2.48 (0.84) | 10.76 | 0.000 | *** |
| Credit & Debt Management | 3.41 (0.80) | 2.22 (0.91) | 10.01 | 0.000 | *** |
| Insurance & Risk Coverage | 3.18 (0.88) | 2.04 (0.96) | 8.87 | 0.000 | *** |
| Banking & Digital Finance | 3.76 (0.65) | 2.10 (1.02) | 13.55 | 0.000 | *** |
| Budgeting & Expenditure | 3.55 (0.74) | 2.60 (0.88) | 8.52 | 0.000 | *** |
| Government Scheme Awareness | 3.22 (0.86) | 2.32 (0.94) | 7.11 | 0.000 | *** |
| Overall Financial Literacy | 3.51 (0.54) | 2.36 (0.62) | 13.98 | 0.000 | *** |

Note: *** $p < 0.001$ | Scale: 1 (Very Low) to 5 (Very High) | $df = 198$ |

(Source: Primary Data)

Financial Literacy Scores: Dimension-wise Analysis and t-Test Results

Table 3 presents the dimension-wise mean financial literacy scores for urban and rural women along with the results of the independent samples t-test. Financial literacy was measured on a 5-point scale (1 = Very Low, 5 = Very High) across seven dimensions. Urban women scored significantly higher on all seven dimensions. The largest gap is observed in Banking and Digital Finance (Urban: 3.76 vs Rural: 2.10; $t = 13.55$), reflecting the profound impact of digital divide on financial awareness. The overall financial literacy score for urban women ($M = 3.51, SD = 0.54$) is substantially higher than for rural women ($M = 2.36, SD = 0.62$).

Hypothesis Testing: H_{01} The t-test result for Overall Financial Literacy ($t = 13.98, p = 0.000 < 0.05$) leads to the rejection of the null hypothesis H_{01} . There is a statistically significant difference in overall financial literacy levels between urban and rural women in Durg District. The alternative hypothesis is accepted.

Table 4: Chi-Square Test — Financial Decision-Making Behaviour (Urban vs. Rural)

| Financial Decision Category | Urban (%) | Rural (%) | Chi-Square (χ^2) | df | p-value |
|--|-----------|-----------|-------------------------|----|----------|
| Independently manages household budget | 74.0 | 38.0 | 28.44 | 1 | 0.000*** |
| Has personal bank account | 88.0 | 52.0 | 35.20 | 1 | 0.000*** |
| Makes investment decisions independently | 56.0 | 18.0 | 32.10 | 1 | 0.000*** |
| Aware of at least one govt. financial scheme | 82.0 | 44.0 | 34.85 | 1 | 0.000*** |
| Holds any form of insurance | 64.0 | 24.0 | 33.62 | 1 | 0.000*** |
| Uses digital payment methods | 78.0 | 22.0 | 64.00 | 1 | 0.000*** |
| Participates in SHG or financial group | 42.0 | 58.0 | 4.97 | 1 | 0.026* |

Note: *** $p < 0.001$; * $p < 0.05$ (Source: Primary Data)

Chi-Square Test: Financial Decision-Making Behaviour

Table 4 presents the results of the Chi-Square test examining differences in financial decision-making behaviour between urban and rural women across key categories. All variables except SHG participation show highly significant differences ($p < 0.001$). Notably, SHG participation is actually higher among rural women (58%) than urban women (42%), reflecting the effectiveness of group-based microfinance in rural outreach. Conversely, digital payment adoption is dramatically skewed: 78% urban vs. only 22% rural, underscoring the digital exclusion faced by rural women.

Hypothesis Testing: H_{02} The chi-square results confirm statistically significant differences in financial decision-making behaviour between urban and rural women across six of seven categories. H_{02} is rejected. Urban women demonstrate significantly greater financial agency in banking, investment, insurance, and digital finance. Hence, alternative hypothesis H_{02} is accepted.

Table 5: One-Way ANOVA — Effect of Income Level on Financial Literacy Scores

| Income Group (Monthly) | Urban Mean | Rural Mean | Combined Mean | F-value | p-value |
|------------------------|-----------------|-----------------|-----------------|---------|-----------------|
| Below Rs.10,000 | 2.94 | 2.14 | 2.44 | | |
| Rs 10,001 – Rs20,000 | 3.28 | 2.42 | 2.86 | | |
| Rs 20,001 – Rs 30,000 | 3.58 | 2.78 | 3.18 | | |
| Rs 30,001 – Rs 50,000 | 3.82 | 3.04 | 3.52 | | |
| Above Rs 50,000 | 4.12 | 3.34 | 3.86 | | |
| F-value | 18.74 | 12.38 | 22.16 | — | 0.000*** |
| p-value | 0.000*** | 0.000*** | 0.000*** | — | — |

(Source: Primary Data)

One-Way ANOVA: Income Level and Financial Literacy

Table 5 presents the ANOVA results examining the impact of income level on financial literacy scores. A clear positive gradient is observed: higher income groups demonstrate higher financial literacy across both urban and rural strata. The F-value for the combined sample ($F = 22.16, p < 0.001$) strongly supports the conclusion that income is a significant determinant of financial literacy. Even within the rural sample ($F = 12.38, p < 0.001$), income-based differences are significant, suggesting that among rural women, those with higher income have greater exposure to financial products and services.

Hypothesis Testing: H_{03} The ANOVA results ($F = 22.16, p = 0.000 < 0.05$) lead to the rejection of H_{03} . Income level has a statistically significant influence on financial literacy levels among women in Durg District.

Table 6: Pearson Correlation Matrix — Financial Literacy and Empowerment Variables

| Variables | 1 | 2 | 3 | 4 | 5 |
|-----------------------------|---------|---------|---------|---------|-------|
| 1. Financial Literacy Score | 1.000 | | | | |
| 2. Economic Decision-Making | 0.712** | 1.000 | | | |
| 3. Savings Behaviour | 0.648** | 0.584** | 1.000 | | |
| 4. Financial Independence | 0.694** | 0.621** | 0.572** | 1.000 | |
| 5. Women Empowerment Index | 0.731** | 0.668** | 0.614** | 0.709** | 1.000 |

Note: ** Correlation is significant at the 0.01 level (2-tailed) | $n = 200$ | (Source: Primary Data)

Pearson Correlation: Financial Literacy and Women's Empowerment

Table 6 presents the Pearson correlation matrix examining the relationship between financial literacy and four empowerment-related variables. All correlations are positive and statistically significant at $p < 0.01$. The strongest correlation is between Financial Literacy and the overall Women Empowerment Index ($r = 0.731$), confirming a strong linear relationship. The correlation between Financial Literacy and Economic Decision-Making ($r = 0.712$) and Financial Independence ($r = 0.694$) further validates the instrumental role of financial knowledge in enabling women's autonomy.

Hypothesis Testing: H_{04} The Pearson correlation coefficient $r = 0.731$ ($p < 0.001$) leads to the rejection of H_{04} . A significant positive correlation exists between financial literacy and women's economic empowerment in Durg District. Financially literate women are more empowered economically, make independent financial decisions, and demonstrate healthier savings behaviour.

Conclusion

The study provides a comprehensive examination of financial literacy among urban and rural women in the Durg district, Chhattisgarh, revealing significant disparities across several key dimensions. Urban women consistently exhibit superior financial knowledge, greater awareness and utilization of formal financial products, and more structured budgeting practices. This contrasts sharply with rural women, who often demonstrate lower levels of financial understanding, a stronger reliance on informal financial mechanisms, and a preference for traditional assets such as gold. The observed differences are attributable to a complex interplay of factors, including educational attainment, access to formal financial institutions, and exposure to diverse financial information. These findings underscore the persistent financial inclusion gap between urban and rural populations, particularly affecting women.

In conclusion, financial literacy among women in Durg district is both a rural development challenge and an urban deepening opportunity. Addressing this challenge requires a multi-pronged strategy involving formal education strengthening, SHG network enhancement, digital infrastructure expansion, and targeted financial education programmes delivered in local languages through trusted community institutions.

Recommendations

1. Targeted financial literacy workshops should be conducted via SHGs, Anganwadis, and digital apps in rural areas.
2. Integrate financial education in school curricula and women-centric schemes.
3. Collaborate with banks/NGOs for ongoing programs in Durg.
4. Policy focus on gender-sensitive monitoring of financial inclusion.
5. Hemchand Yadav University and Government colleges in Durg should institutionalise annual financial literacy assessments to track progress, identify gaps, and provide evidence for adaptive policy interventions.
6. Given the extreme digital literacy deficit among rural women (only 22% use digital payments), district authorities should collaborate with NABARD and CSC e-Governance Services to run Digital Sakhi programmes that train rural women in smartphone-based financial operations.

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