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Research Article

A Study on Assessing the Financial Literacy of Residents with Reference to Adityapur, Jamshedpur, Jharkhand

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Abstract

Financial literacy has emerged as an important component of financial inclusion and household financial well-being. The increasing availability of banking facilities, digital payment systems, insurance products, investment avenues, and credit services has made it necessary for individuals to possess adequate financial knowledge and decision-making skills. Financial literacy enables people to understand financial products, plan their expenditure, develop saving habits, evaluate investment alternatives, manage financial risks, and make informed decisions concerning their present and future financial requirements.

The present study focuses on assessing the level of financial literacy among residents of Adityapur, Jamshedpur, Jharkhand. The study examines residents' awareness and understanding of basic financial concepts and investigates their saving, investment, and financial planning practices. It also attempts to examine whether demographic characteristics such as age, gender, educational qualification, occupation, and income are associated with differences in financial literacy. Particular attention is given to residents' awareness and use of formal financial services, investment products, digital financial services, and financial security mechanisms.

The study adopts a descriptive and exploratory research design. Primary information is proposed to be collected through a structured questionnaire administered to residents of Adityapur, while secondary information is obtained from books, research articles, government publications, and reports of financial institutions. The collected data may be analysed through frequency distributions, percentages, cross-tabulation, and appropriate statistical techniques depending upon the nature of the data.

The study is expected to provide an understanding of the financial knowledge, attitudes, and financial practices of residents in the study area. The findings may help identify areas where financial awareness remains inadequate and may provide useful suggestions for strengthening financial education, responsible saving and investment behaviour, and effective participation in formal financial systems.

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KEYWORDS: Financial Literacy, Financial Awareness, Financial Inclusion, Savings, Investment Behaviour, Financial Planning, Adityapur, Jharkhand.

1. INTRODUCTION

Financial literacy has become increasingly significant in contemporary society because individuals are required to make a growing number of financial decisions throughout their lives. Household income has to be allocated among consumption, savings, investments, insurance, debt repayment, education, healthcare, retirement planning, and other financial commitments. At the same time, the financial marketplace has become more diverse, with individuals having access to bank deposits, insurance policies, mutual funds, shares, pension products, digital payment platforms, loans, and other financial services.

Financial literacy refers broadly to an individual's ability to acquire, understand, evaluate, and apply financial information while making personal financial decisions. It extends beyond simple knowledge of banking operations and includes the ability to prepare budgets, understand interest rates, distinguish between different financial products, assess risk and return, plan savings, manage debt, and protect oneself from inappropriate financial decisions.

Financial literacy is closely connected with financial inclusion. Access to a bank account alone does not necessarily guarantee meaningful participation in the formal financial system. Individuals also need sufficient knowledge and confidence to use banking, credit, insurance, pension, investment, and digital financial services appropriately. Thus, financial literacy can be regarded as an important enabling factor in the effective use of financial services.

The importance of financial literacy has become particularly relevant with the rapid expansion of digital financial services. Mobile banking, internet banking, digital wallets, Unified Payments Interface (UPI), online investment platforms, and other technology-based financial services have made financial transactions faster and more accessible. However, the increasing complexity of these services also creates a need for greater financial awareness, particularly regarding security, fraud prevention, interest rates, investment risk, and responsible borrowing.

The geographical and socio-economic characteristics of Jharkhand make financial literacy an important area of study. Differences in educational attainment, occupation, income, access to financial institutions, and exposure to formal financial services may influence the way individuals manage their financial resources.

Adityapur represents an important urban-industrial area associated with the broader Jamshedpur region. Its population comprises individuals belonging to different occupational, educational, and income groups. Such diversity provides an appropriate setting for examining variations in financial knowledge, financial attitudes, saving patterns, investment preferences, and awareness of financial products.

The present study therefore attempts to assess the financial literacy of residents of Adityapur and examine the factors associated with their financial knowledge and financial behaviour.

2. Need and Significance of the Study

Financial literacy is important not only for individual financial security but also for the broader objective of inclusive economic development. A financially informed individual is more capable of evaluating financial alternatives, planning for future requirements, managing income and expenditure, and protecting accumulated resources.

The residents of an urban-industrial region such as Adityapur may have access to a variety of financial institutions and products. Nevertheless, physical availability of financial services does not necessarily imply adequate awareness or effective utilization. Some individuals may continue to depend primarily on conventional saving instruments because of limited knowledge of alternative investment opportunities or concerns about financial risk.

The study is significant for several reasons.

1. It seeks to determine the existing level of financial literacy among residents of Adityapur.
2. It attempts to identify demographic groups that may exhibit relatively lower levels of financial awareness.
3. It examines the relationship between financial literacy and saving and investment behaviour.
4. The study considers residents' awareness of contemporary financial services, including digital banking and digital payment mechanisms.

Finally, the findings may assist educational institutions, financial institutions, policymakers, community organizations, and other stakeholders in designing financial education initiatives that respond to the actual needs of local residents.

3. REVIEW OF LITERATURE

Ravichandran and Ragupathi (2017) examined financial literacy among college students and highlighted the importance of financial attitude and behaviour in financial decision-making. Their study emphasized the need to improve awareness concerning spending and saving practices.

A study by V. (2018) investigated financial literacy, financial attitude, and financial security among employees working in Chennai. The study emphasized that financial concerns affect individuals across income groups and that employees require adequate financial knowledge to make appropriate saving and investment decisions.

Gautam and Rastogi (2022) examined financial literacy in relation to financial inclusion and rural development in India. Their findings indicated a positive association between financial literacy and financial inclusion and highlighted the importance of expanding financial education through banking institutions and government initiatives.

Thakkar, Rajeshkumar, and Dhirubhai (2023) examined financial literacy among the public in Gujarat. Their study highlighted the importance of financial knowledge in money management and pointed to the growing role of digital platforms, financial applications, newspapers, and other information sources in disseminating financial knowledge.

The study that forms the basis of the present research also examined financial literacy among residents of Sonari, Jamshedpur. It investigated residents' awareness, saving and investment practices, demographic characteristics, and perceptions regarding financial security. The original study reported that financial literacy was associated with saving and investment behaviour and emphasized the need for appropriate financial education initiatives.

However, financial behaviour is influenced by local socio-economic circumstances. Therefore, findings obtained from one locality cannot automatically be generalized to another locality. This provides a justification for examining financial literacy specifically among residents of Adityapur.

4. RESEARCH GAP

Existing literature has examined financial literacy among students, employees, rural populations, investors, and the general public. However, relatively limited attention has been given to the financial literacy of residents of specific urban-industrial localities in Jharkhand.

The existing study from Sonari provides useful insights into financial awareness, saving behaviour, investment preferences, and financial security. However, its findings are specific to the selected respondents and geographical area.

Therefore, the present study attempts to address this gap by focusing specifically on residents of Adityapur. It seeks to assess their financial literacy and examine whether differences in demographic characteristics are associated with differences in financial knowledge and financial behaviour.

5. OBJECTIVES OF THE STUDY

The study is guided by the following objectives-

1. To assess the level of financial literacy among the residents of Adityapur, Jamshedpur, Jharkhand.
2. To identify and analyse the demographic groups that exhibit relatively lower levels of financial literacy among the residents of Adityapur.
3. To examine the relationship between financial literacy and the saving and investment behaviour of residents of Adityapur.
4. To analyse the influence of financial literacy on the financial stability and security of residents of Adityapur, Jamshedpur.

6. Research Questions

The study seeks to answer the following research questions:

1. What is the level of financial literacy among residents of Adityapur?
2. Which financial products and services are most commonly known and used by the respondents?
3. Does financial literacy influence the saving and investment behaviour of residents?
4. Does financial literacy differ according to age, gender, education, occupation, and income?
5. What is the level of awareness regarding digital banking and digital payment services?
6. What are the major difficulties faced by residents in making informed financial decisions?

7. RESEARCH METHODOLOGY

7.1 Research Design

The study adopts a descriptive and exploratory research design. The descriptive component is used to assess the existing level of financial literacy and describe the financial practices of respondents. The exploratory component is intended to identify factors that may influence financial knowledge and financial behaviour.

The source study also employed descriptive and exploratory approaches and used a questionnaire as its principal research instrument.

7.2 Study Area

The study is confined to residents of Adityapur, Jamshedpur, Jharkhand. Adityapur is selected because of its diverse socio-economic and occupational composition and its importance as an urban-industrial area.

7.3 Sources of Data

Both primary and secondary data are proposed for the study.

Primary data: Primary information will be collected directly from residents of Adityapur through a structured questionnaire.

Secondary data: Secondary information will be obtained from books, academic journals, government publications, reports of financial institutions, RBI publications, and other credible sources relevant to financial literacy and financial inclusion.

The source paper similarly employed primary questionnaire data and secondary information from RBI, government websites, books, reports, and journals.

7.4 Sampling

The respondents will consist of residents of selected localities of Adityapur.

Proposed sample size: 130 respondents
Sampling technique: Stratified Random Sampling

7.5 Data Analysis

The collected data may be analysed using:

- Frequency distribution
- Percentage analysis
- Cross-tabulation
- Mean and standard deviation
- Chi-square test
- Correlation analysis
- t-test/ANOVA, wherever appropriate
- Regression analysis, if supported by the sample and research design

The choice of statistical technique should be based on the nature and distribution of the actual data collected.

8. Data Analysis and Interpretation

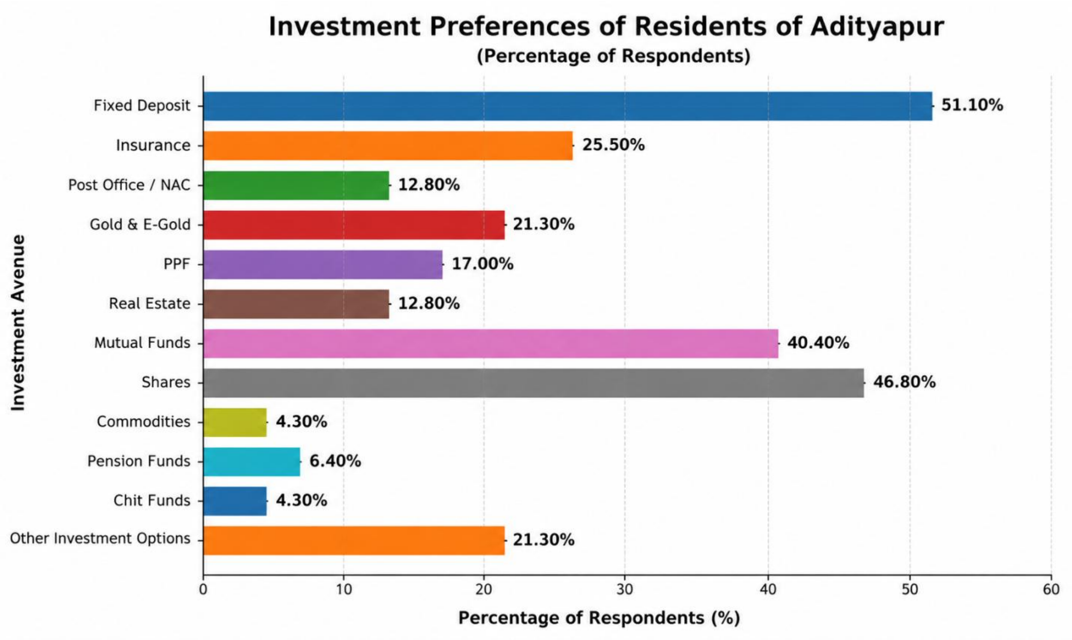

Figure 1: Current Investment Options

The investment pattern of the respondents indicates a mixed preference for both traditional and market-oriented investment avenues. Fixed deposits emerged as the most preferred investment instrument, accounting for 51.10% of respondents, which reflects a strong inclination towards safety and stable returns. Shares occupied the second position at 46.80%, followed by mutual funds at 40.40%, indicating substantial participation in market-linked investment products. Insurance was preferred by 25.50% of respondents, while gold and e-gold and other investment options each accounted for 21.30%. PPF attracted 17.00% of respondents, whereas Post Office/NAC and real estate were preferred by 12.80% each. Pension funds represented only 6.40%, while commodities and chit funds recorded the lowest preference at 4.30% each. Overall, the findings suggest that residents of Adityapur demonstrate a diversified investment pattern, combining the security of conventional financial instruments with the return potential of market-based avenues. The high preference for shares and mutual funds also indicates growing acceptance of modern investment products, although the extent of respondents' financial knowledge and understanding of associated risks requires further examination.

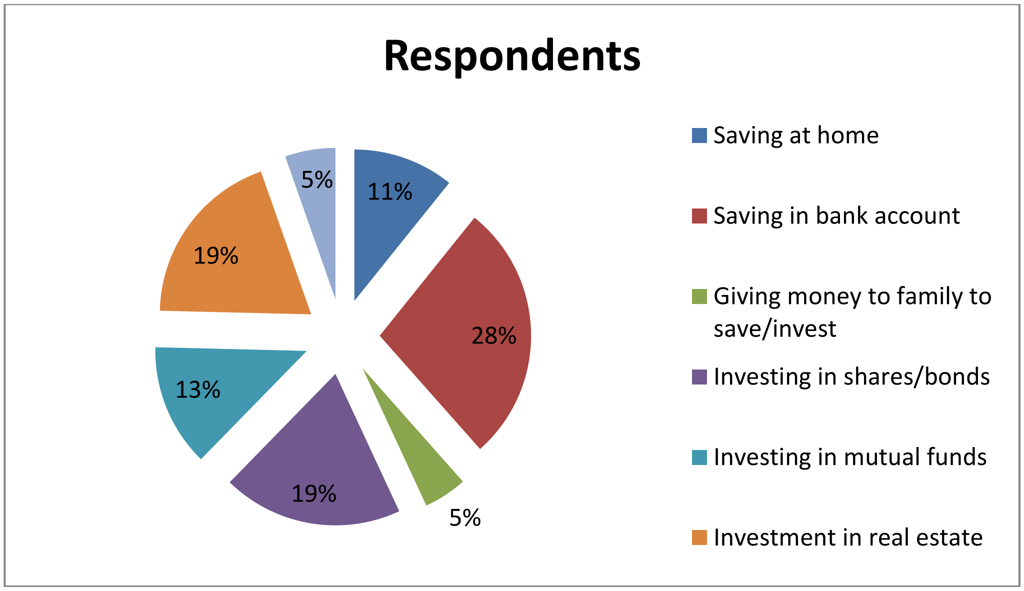

Figure 2: Savings and Investment Pattern

The overall pattern suggests that the respondents demonstrate a moderate shift from informal to formal and market-oriented financial practices. The highest preference for bank accounts (28%) is particularly significant from the perspective of financial inclusion, as it indicates the importance of formal banking services in the respondents' saving behaviour. At the same time, the combined preference for shares/bonds (19%), mutual funds (13%), and real estate (19%) indicates that respondents are not solely dependent on conventional savings and are exploring avenues that may provide wealth creation and capital appreciation.

However, the fact that 11% continue to save at home indicates that informal saving practices have not disappeared completely. This may point towards gaps in financial awareness, accessibility, trust, or convenience associated with formal financial services.

The findings demonstrate that the respondents' saving and investment behaviour reflects a combination of financial inclusion and investment diversification. Bank accounts constitute the most commonly preferred saving avenue, indicating relatively strong participation in the formal financial system. However, the presence of home-based savings suggests that informal financial practices continue to coexist with formal banking. The substantial participation in shares, bonds, mutual funds, and real estate further indicates that respondents are gradually moving beyond basic saving towards investment and wealth-creation activities. Therefore, the results suggest that improving financial literacy, awareness of investment products, risk assessment skills, and accessibility to formal financial services could further strengthen the financial inclusion and investment behaviour of the respondents.

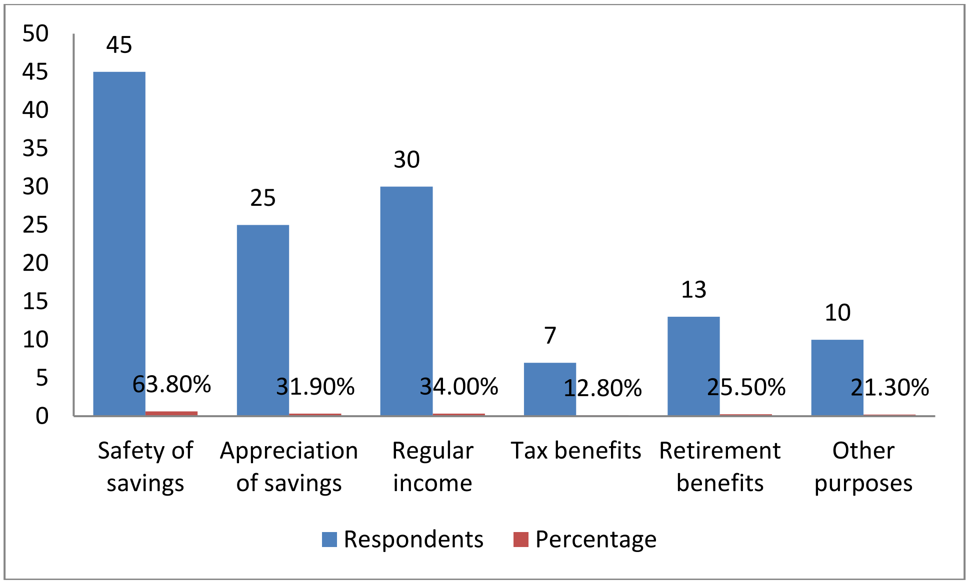

Figure 3: Assessment of Financial Stability and Security

The findings reveal that safety of savings is the dominant purpose of saving and investment among the respondents, with 45 respondents (63.80%) identifying it as their primary consideration. This indicates a strong preference for financial security and capital preservation. Regular income was the second most important objective, reported by 30 respondents (34.00%), suggesting that respondents also value investments capable of generating a stable income stream. Appreciation of savings was reported by 25 respondents (31.90%), reflecting an interest in wealth accumulation and capital growth. Retirement benefits were identified by 13 respondents (25.50%), indicating a moderate level of emphasis on long-term financial security. Other purposes accounted for 10 respondents (21.30%), whereas tax benefits were the least preferred objective, with 7 respondents (12.80%). Overall, the results indicate that respondents are predominantly security-conscious and stability-oriented, while return generation, wealth appreciation, and retirement planning constitute secondary financial objectives. The relatively low importance attached to tax benefits may also indicate limited awareness of tax-efficient investment planning.

9. FINDINGS OF THE STUDY

The final findings should be generated exclusively from the Adityapur survey data. The following structure can be used in the publication:

1. **Fixed deposits are the most preferred investment avenue.**
   The study found that **51.10%** of respondents prefer fixed deposits, making them the most popular investment instrument. This indicates a strong preference for **capital safety, stable returns, and low-risk investment options**.
2. **Market-linked investments have gained considerable acceptance.**
   Shares were preferred by **46.80%** of respondents, while **40.40%** preferred mutual funds. The relatively high participation in these instruments indicates that respondents are increasingly exploring market-oriented investment opportunities alongside traditional savings.
3. **Investment behaviour is becoming diversified.** Respondents invest across several avenues, including fixed deposits, shares, mutual funds, insurance, gold, PPF, real

estate, pension funds, commodities, and chit funds. This reflects a **diversified investment pattern** rather than dependence on a single financial product.

4. **Formal banking remains an important saving mechanism.**
   28% of respondents save in bank accounts, making bank saving the most prominent saving practice in the second set of findings. This indicates a reasonable level of participation in the formal financial system and reflects the importance of banking services in household financial management.
5. **Informal saving practices continue to exist.** Although formal banking is prominent, **11% of respondents save money at home**. This indicates that informal saving practices continue to coexist with formal financial services. Such behaviour may be associated with convenience, liquidity preferences, trust, or insufficient awareness of alternative formal financial products.
6. **Respondents also participate in wealth-creation instruments.**
   The preference for **shares/bonds (19%), mutual funds (13%), and real estate (19%)** indicates that respondents are not limiting their financial activities to simple savings. A considerable section is attempting to achieve **capital appreciation and long-term wealth creation**.
7. **Safety of savings is the dominant investment objective.** The study found that **63.80% of respondents** consider the safety of their savings to be their primary investment objective. This establishes that respondents are predominantly **security-conscious and risk-sensitive** in their financial decision-making.
8. **Regular income is an important investment motive. 34% of respondents** reported regular income as a major purpose of saving and investment. This suggests that respondents value financial products that can generate a **stable and predictable income stream**.
9. **Capital appreciation is another important objective. 31.90% of respondents** identified appreciation of savings as a major purpose. This demonstrates that, although safety is the dominant concern, a significant proportion of respondents also seek **growth in the value of their investments**.
10. **Retirement planning receives moderate attention. 25.50% of respondents** identified retirement benefits as an investment objective. This indicates some awareness of long-term financial security, although retirement planning is not as prominent as capital safety and regular income.
11. **Tax benefits have relatively low importance.** Only **12.80% of respondents** identified tax benefits as a purpose of investment. This may indicate comparatively limited awareness or use of **tax-efficient investment planning**.
12. **Traditional and modern investment preferences coexist.**
    The findings reveal a combination of **traditional preferences**, such as fixed deposits, gold, and bank savings, and **modern investment avenues**, such as shares and mutual funds. This suggests that the financial behaviour of respondents is undergoing a gradual transition toward greater investment diversification.
13. **Financial inclusion and investment diversification are interconnected.**
    The relatively high preference for bank accounts, shares, mutual funds, and other formal financial products indicates that access to formal financial services is contributing to broader participation in saving and investment activities.
14. **Risk perception appears to influence investment choices.**
    Despite substantial participation in shares and mutual funds, the dominance of fixed deposits and the overwhelming importance attached to safety indicate that **risk avoidance remains an important factor** in investment decisions.
15. **There is a need to strengthen financial literacy.** The coexistence of high participation in market-linked products with a strong preference for safety highlights the importance of improving respondents' understanding of **risk-return relationships, investment diversification, mutual funds, equity investments, retirement planning, and tax-saving instruments**.

Overall, the study reveals that the respondents of Adityapur exhibit a mixed but increasingly diversified saving and investment behaviour. While traditional and relatively secure avenues such as fixed deposits and bank accounts continue to dominate, there is considerable participation in shares, mutual funds, real estate, and other market-linked instruments. However, the overwhelming importance given to the safety of savings (63.80%) demonstrates that respondents remain predominantly risk-conscious. Their financial behaviour therefore reflects a gradual movement from simple saving towards investment, wealth creation, and portfolio diversification, while security and financial stability continue to remain the central priorities.

The findings further suggest that financial literacy can play an important role in improving the quality of investment decisions. Greater awareness of risk, return, diversification, tax planning, and retirement planning could enable respondents to move beyond purely safety-oriented investment choices and adopt investment strategies that are better aligned with their long-term financial goals.

10. SUGGESTIONS

Based on the empirical findings, the following measures may be considered:

1. Regular financial literacy programmes should be organized at the local community level.
2. Financial education should cover not only banking but also insurance, investments, pension planning, taxation, digital payments, and financial fraud prevention.
3. Banks and financial institutions should conduct awareness programmes using simple and locally understandable communication.
4. Digital financial literacy should be strengthened so that residents can use online financial services safely.

5. Young adults should receive financial education concerning budgeting, savings, investment diversification, and responsible borrowing.
6. Women should be encouraged to participate actively in household financial planning and independent financial decision-making.
7. Financial literacy programmes should provide practical demonstrations rather than relying exclusively on theoretical information.
8. Residents should be educated about the relationship between risk and return before selecting investment products.
9. Awareness programmes should emphasize the importance of emergency savings and long-term financial planning.
10. Community-based financial education initiatives involving educational institutions, banks, local organizations, and government agencies may improve the reach of financial literacy programmes.

11. CONCLUSION

Financial literacy plays an important role in enabling individuals to make informed and responsible financial decisions. Knowledge regarding savings, investments, insurance, credit, retirement planning, and digital financial services can contribute to improved financial management and greater financial security.

The present study focuses on residents of Adityapur, Jamshedpur, Jharkhand, with the objective of assessing their level of financial literacy and examining its association with saving and investment behaviour. The study recognizes that access to financial services alone may not be sufficient to ensure meaningful financial inclusion. Individuals must also possess the knowledge, confidence, and skills required to use available financial services appropriately.

The empirical results of the study should be interpreted in accordance with the actual responses collected from Adityapur residents. Particular attention should be given to demographic variations in financial literacy, differences in saving and investment preferences, awareness of digital financial services, and the barriers that prevent individuals from making informed financial decisions.

Strengthening financial literacy at the local level can contribute to better household financial planning, responsible investment behaviour, improved use of formal financial services, and greater financial resilience. Therefore, coordinated efforts involving financial institutions, educational organizations, government agencies, and community-level institutions can play an important role in improving financial literacy among residents of Adityapur.

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