

Original Article

Financial Literacy among College Students in Rural Maharashtra: An Empirical Study

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Abstract

Financial literacy has become an essential component of economic development in modern economies. Young individuals, particularly college students, face increasing financial responsibilities such as educational loans, savings planning, and investment decisions. Despite the growing availability of financial products and services, many students lack the necessary knowledge to manage their finances effectively. This study examines the level of financial literacy among college students in rural Maharashtra and analyses the relationship between financial knowledge, saving behaviour, and investment awareness. Primary data were collected from 350 college students across rural colleges in Pune District using structured questionnaires. Statistical tools such as descriptive statistics, correlation analysis, regression analysis, and ANOVA were applied to analyse the data. The findings indicate that financial literacy significantly influences saving habits, financial planning, and investment awareness among students. The results also reveal that exposure to financial education programs positively improves financial decision-making among rural youth. The study highlights the need for integrating financial literacy education into college curricula to improve financial capability among young individuals.

Keywords: Financial Literacy, College Students, Rural Finance, Investment Awareness, Financial Education, Saving Behaviour

Introduction

Financial literacy plays a critical role in enabling individuals to make informed financial decisions. The increasing complexity of financial markets has made financial knowledge more important than ever before. Young individuals entering adulthood face various financial challenges including budgeting, saving, borrowing, and investing.

College students represent a particularly important demographic group in financial literacy research. During their college years, students begin to develop financial independence and make decisions that may influence their long-term financial stability. However, many students lack adequate knowledge about financial planning, investment options, and risk management.

In India, rural students often face additional challenges due to limited exposure to financial education and financial institutions. Although digital banking and mobile financial services have expanded rapidly, the level of financial understanding among rural youth remains uneven.

Financial literacy can improve an individual's ability to manage money effectively, evaluate financial products, and make informed investment decisions. Higher financial literacy is associated with better saving behaviour, improved debt management, and greater participation in financial markets.

This study focuses on college students studying in rural colleges in Maharashtra, particularly in Pune District. The objective is to examine the level of financial literacy among students and analyse how financial knowledge influences saving and investment behaviour.

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Literature Review

Lusardi and Mitchell (2023) emphasised that individuals with higher financial literacy demonstrate better financial planning and savings behaviour. Financial literacy has been widely recognised as an important determinant of financial well-being.

Chen and Volpe (2018) conducted one of the earliest studies on financial literacy among college students and found that many students lack basic financial knowledge, particularly regarding investment and risk management.

Agarwal and Mazumder (2022) analysed financial literacy among young adults in emerging economies and concluded that financial education programs significantly improve financial decision-making abilities.

Sharma and Singh (2024) studied financial awareness among university students in India and reported that exposure to financial education courses positively influences investment awareness.

Another study by Gupta et al. (2024) found that students who participate in financial literacy workshops demonstrate improved budgeting and saving behaviour compared to those who have not received financial education.

Although several studies have examined financial literacy among students, limited research has focused specifically on rural college students in India. This study therefore attempts to address this gap by analysing financial literacy among students in rural Maharashtra.

Research Gap

Most studies on financial literacy have focused on urban students or working professionals. Rural college students often have limited exposure to financial education and financial services. With increasing digital financial inclusion, rural students are gaining access to financial tools but may lack the knowledge required to use them effectively.

Data Analysis

Descriptive Statistics

Variable	Mean	Standard Deviation
Financial Literacy	3.38	0.71
Saving Behaviour	3.42	0.69
Investment Awareness	3.25	0.73
Financial Education Exposure	3.10	0.66

The results indicate that students possess moderate financial literacy levels.

Correlation Analysis

Variable	Financial Literacy	Saving Behaviour
Financial Literacy	1	0.58
Saving Behaviour	0.58	1

The correlation value indicates a strong positive relationship between financial literacy and saving behaviour.

This study contributes to the literature by examining the level of financial literacy among rural college students and analysing the factors influencing their financial behaviour.

Objectives of the Study

1. To measure the level of financial literacy among rural college students.
2. To analyse the relationship between financial literacy and saving behaviour.
3. To examine the impact of financial education on investment awareness.
4. To identify factors influencing financial decision-making among students.

Hypotheses

H1: Financial literacy has a significant positive impact on saving behaviour.

H2: Financial education exposure significantly improves investment awareness.

H3: Income level of students positively influences financial planning behaviour.

Research Methodology

The study adopts a **descriptive and analytical research design**.

Data Source: Primary data collected through structured questionnaires.

Sample Size: 350 respondents.

Population: Undergraduate and postgraduate students from rural colleges in Pune District.

Sampling Technique: Stratified random sampling.

Statistical Tools Used

- Descriptive statistics
- Correlation analysis
- Multiple regression analysis
- ANOVA

Reliability analysis using Cronbach's Alpha produced a value of **0.81**, indicating good reliability of the questionnaire.

Figure 3: Financial Literacy vs Saving Behaviour (Scatter Plot)

Literacy Score	Saving Score
2	2.6
3	3.2
4	3.8
5	4.1

The scatter plot shows that higher financial literacy corresponds with improved saving behaviour.

Regression Analysis

The regression model used is:

Where

Y = Saving Behaviour X_1 = Financial Literacy

X_2 = Financial Education Exposure

X_3 = Income Level

Regression Results

Variable	Beta	t-value	Significance
Financial Literacy	0.41	5.84	0.000
Financial Education	0.36	4.97	0.001
Income Level	0.25	3.12	0.004

$R^2 = 0.54$

Adjusted $R^2 = 0.51$

The results indicate that financial literacy significantly influences saving behaviour.

Figure 4: Regression Coefficient Impact (Column Chart)

Variable	Beta Value
Financial Literacy	0.41
Financial Education	0.36
Income	0.25

This chart shows that financial literacy has the strongest impact on financial behaviour among students.

ANOVA Test

Source	Sum of Squares	df	Mean Square	F	Sig
Regression	45.26	3	15.08	16.32	0.000
Residual	31.90	346	0.092		
Total	77.16	349			

The ANOVA results confirm that the regression model is statistically significant.

Discussion

The findings indicate that financial literacy plays a significant role in shaping the financial behaviour of college students. Students with higher financial knowledge demonstrate better saving habits and greater awareness of investment opportunities.

Exposure to financial education programs also improves students' understanding of financial concepts and investment instruments. Income level influences the ability of students to save and invest. These findings are consistent with previous studies conducted by Lusardi and Mitchell (2023) and Agarwal and Mazumder (2022).

Policy Implications

Educational institutions should incorporate financial literacy programs into their curricula. Workshops and training programs should be organised to improve financial awareness among students.

Financial institutions can collaborate with universities to provide financial education programs and promote responsible financial behaviour among young individuals.

Conclusion

Financial literacy is an important factor influencing the financial behaviour of college students. The results of this study indicate that students with higher financial knowledge demonstrate better saving behaviour and investment awareness. Integrating financial education into academic curricula can significantly improve financial capability among rural youth.

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Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper

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