



## Financial Literacy and Investment Behaviour among Rural Households of the Agra Region

Dr. Kamna Dhawan <sup>1</sup>, Leena Banswal <sup>2</sup>

<sup>1</sup>Assistant Professor, Baikunthi Devi Kanya Mahavidyalya, Agra

<sup>2</sup>Research Scholar, Ph.D. Baikunthi Devi Kanya Mahavidyalya, Agra

### ABSTRACT

Financial literacy plays a crucial role in shaping the investment behaviour of households, especially in rural areas where access to formal financial knowledge and services remains limited. In India, rural households form a significant part of the population, yet their investment decisions are often influenced by traditional practices, low awareness, and limited exposure to formal financial instruments. Understanding the relationship between financial literacy and investment behaviour is therefore essential for promoting inclusive economic development. The present study titled “Financial Literacy and Investment Behaviour among Rural Households of the Agra Region” aims to examine the level of financial literacy among rural households and analyze how it affects their saving and investment choices.

The study focuses on rural areas of the Agra region, where agriculture, small businesses, and wage labour constitute the primary sources of income. Despite various government initiatives and banking reforms aimed at improving financial inclusion, many rural households continue to rely on informal saving methods such as cash holdings, gold, and traditional practices. This research attempts to assess the awareness of basic financial concepts, banking products, and investment options, and to examine the patterns of investment behaviour followed by rural households. The study indicates that financial literacy levels among rural households in the Agra region are moderate to low, and this directly affects their investment behaviour. Households with higher financial awareness are more likely to use formal banking instruments such as savings accounts, fixed deposits, and insurance products, whereas households with lower literacy levels tend to depend on informal and less secure investment options.

The study focuses on enhancing financial literacy among rural households can significantly improve their investment behaviour, promote financial inclusion, and contribute to long-term economic stability. The findings may be useful for policymakers, financial institutions, and development agencies in designing effective strategies for strengthening rural financial awareness.

*Keywords:* Financial Literacy, Investment Behaviour, Rural Households, Agra Region, Financial Inclusion.

## 1. INTRODUCTION

Financial literacy has emerged as a crucial factor in shaping the financial well-being and investment behaviour of households, particularly in developing countries like India. It refers to the ability of individuals to understand basic financial concepts such as saving, budgeting, interest rates, inflation, risk diversification, and the use of financial products. In the absence of adequate financial knowledge, individuals often make poor financial decisions that affect their long-term economic security. This issue becomes more significant in rural areas, where access to financial education, formal banking services, and reliable financial information is comparatively limited.

India has a large rural population that largely depends on agriculture, small-scale businesses, daily wage labour, and informal employment for livelihood. Rural households play an important role in the overall economic structure of the country, yet their participation in formal financial markets remains low. Traditionally, rural households prefer saving in the form of cash, gold, livestock, or land, rather than investing in modern financial instruments such as mutual funds, insurance, pension schemes, or capital market products. These preferences are often influenced by low income levels, lack of awareness, fear of risk, and limited exposure to financial institutions.

Over the years, the Government of India and financial institutions have introduced several initiatives to promote financial inclusion and financial literacy, such as Jan Dhan Yojana, insurance schemes, pension programs, and digital banking services. Despite these efforts, a significant gap still exists between access to financial services and the actual usage of these services by rural households. Many individuals hold bank accounts but lack adequate understanding of financial products and investment opportunities, which restricts informed decision-making. As a result, the level of financial literacy continues to influence the saving and investment behaviour of rural households.

Investment behaviour is an important indicator of financial maturity and economic stability. Financially literate households are more likely to plan their savings, diversify their investments, and protect themselves against financial risks. In contrast, households with low financial literacy often rely on informal and insecure methods of saving, making them vulnerable to financial shocks. Therefore, understanding the relationship between financial literacy and investment behaviour is essential for promoting sustainable economic development in rural areas.

The present study titled “Financial Literacy and Investment Behaviour among Rural Households of the Agra Region” attempts to examine the level of financial literacy among rural households and analyze how it influences their saving and investment decisions. The Agra region provides an appropriate setting for this study due to its mix of agricultural activities, small enterprises, and wage-based employment. By analyzing primary data collected from rural households, the study aims to provide insights into financial awareness levels, preferred investment avenues, and the role of financial literacy in shaping investment behaviour. The findings of this study are expected to contribute to academic research and assist policymakers and financial institutions in designing effective financial literacy programs for rural development.

## 2. REVIEW OF LITERATURE

Financial literacy has been widely recognized as an important determinant of financial decision-making and investment behaviour, especially among rural households with limited access to formal financial systems.

Rani and Sharma (2024) found that rural households in India often rely on traditional saving methods, and that increased financial literacy is associated with a higher likelihood of using formal investment instruments. Their study highlighted that low financial awareness limits participation in structured financial planning.

Kumari (2025) studied working women’s investment decisions and observed that higher financial literacy leads to greater use of formal financial products such as fixed deposits, pension schemes, and insurance. The study emphasized that financial knowledge contributes to long-term financial planning and diversification.

Rehman and Mia (2024) reviewed determinants of financial literacy and found a positive relationship between financial awareness and saving and investment choices. Their research concluded that financial education

programs can improve financial participation among low-income and rural populations.

Singh and Gupta (2025) investigated the impact of digital financial literacy on investment behavior in rural India. They found that digital access and digital financial knowledge significantly enhance the ability of rural households to engage with formal financial products, reducing dependence on informal savings.

Patel and Verma (2025) analyzed financial literacy levels among rural youth and concluded that higher financial literacy positively affects investment in formal banking and insurance products. Their study recommended integrating financial literacy into school and community education programs to strengthen long-term investment behaviour.

These studies collectively show that financial literacy plays a key role in shaping investment behavior. However, evidence from specific regions such as Agra remains limited, indicating the need for localized research. The present study aims to fill this gap by analyzing the relationship between financial literacy and investment behaviour among rural households of the Agra region.

### 3. OBJECTIVES OF THE STUDY

The present study is conducted with the following objectives:

- To examine the level of financial literacy among rural households in the Agra region.
- To analyze the saving habits and investment behaviour of rural households.
- To study the awareness of government-sponsored financial schemes among rural respondents.
- To examine the difficulties faced by rural households in accessing and using formal financial services.

### 4. RESEARCH METHODOLOGY

The present study follows a descriptive research design to examine the relationship between financial literacy and investment behaviour among rural households of the Agra region. Descriptive research is appropriate for this study as it enables the researcher to systematically describe the existing level of financial awareness, saving habits, and investment practices without manipulating any variables. The study makes use of

both primary and secondary data to ensure a comprehensive understanding of the research problem.

### Sources of Data

#### Primary Data:

Primary data was collected directly from rural households through a structured questionnaire developed using Google Forms. The questionnaire consisted of 17 closed-ended questions, which were designed to capture information related to demographic characteristics, awareness of financial concepts, sources of financial information, saving behaviour, investment preferences, and difficulties faced while using formal financial services. A total of 50 respondents, including both male and female participants, provided valid responses. The use of an online questionnaire ensured uniformity in data collection and reduced the chances of manual errors.

#### Secondary Data:

Secondary data was collected from various published and unpublished sources, including academic research journals, books, government reports, RBI publications, policy documents, and relevant websites. These sources helped in developing the conceptual background of the study and understanding existing research on financial literacy, rural investment behaviour, and financial inclusion. Secondary data also supported the interpretation of findings and comparison with earlier studies.

### Sample Size and Sampling Technique

The study was conducted on a sample of 50 rural respondents, selected using a convenience sampling technique due to time constraints and ease of access. Although the sample size is limited, it is considered adequate for an exploratory study aimed at understanding general trends in financial behaviour among rural households. The respondents belong to different occupational and income groups, ensuring diversity within the sample.

### Tools and Techniques of Analysis

The collected primary data was analyzed using simple descriptive statistical tools, primarily percentage analysis. Percentage analysis helps

in converting raw data into meaningful information and allows easy comparison across different response categories. To improve clarity and visual appeal, the results were presented using pie charts, which facilitate quick understanding of dominant trends and patterns in financial literacy and investment behaviour.

### Ethical Considerations

The study strictly followed ethical research practices. Participation in the survey was voluntary, and respondents were informed about the academic purpose of the study. Confidentiality of responses was maintained, and no personal identification details were collected. The data obtained was used solely for research purposes.

## 5. DATA ANALYSIS

The analysis of primary data provides valuable insights into the financial literacy levels and investment behaviour of rural households in the Agra region. The demographic composition of the respondents reflects a balanced representation of gender and occupational categories, which strengthens the reliability of the observations made in the study.

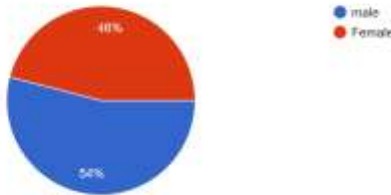
The findings indicate that financial literacy among rural households is generally moderate, which plays a significant role in shaping saving and investment decisions. While access to banking services has increased over time, the level of understanding regarding financial products remains limited. This gap between access and awareness influences the preference for basic and familiar financial instruments.

The analysis further reveals that rural households show a strong inclination toward safe and low-risk saving options, particularly savings accounts. Although formal saving practices are gradually being adopted, investment diversification remains limited. The low participation in long-term and risk-based financial products suggests cautious financial behaviour and limited exposure to investment knowledge.

Another important aspect highlighted by the analysis is the role of information sources in influencing financial behaviour. Dependence on informal sources such as family members and friends indicates the absence of structured financial guidance. Limited interaction with formal financial institutions and educational platforms may restrict the flow of accurate financial information to rural households.

Overall, the analysis establishes a clear connection between financial literacy and investment behaviour. Improved awareness and understanding of financial concepts can encourage rural households to adopt better saving habits, diversify investments, and participate more actively in formal financial systems. The results underline the importance of targeted financial literacy initiatives for enhancing economic security and financial inclusion in rural areas

1. Gender  
50 responses



Gender	Number of Respondent	Percentage
Male	27	54%
Female	23	46%

2. Age Group  
50 responses



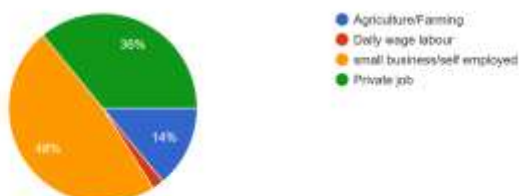
Age	Number of Respondent	Percentage
Below 25 years	24	48%
25-35	25	50%
36-45	1	2%

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46-55	0	0%
Above 55	0	0%

**3. Occupation**

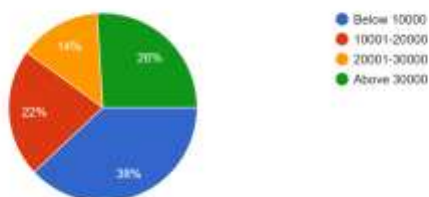
50 responses



Occupation	Number of Response	Percentage
Agriculture/Farming	7	14%
Daily wage labour	1	1%
Small business/self-employee	24	48%
Private job	18	36%

**4. Monthly household income**

50 responses



Monthly Income	Number of Response	Percentage
Below 10000	19	38%
10001-20000	11	22%
20001-30000	7	14%
Above 30000	13	26%

5. Are you aware of basic banking services ?

50 responses



Services Awareness	Number of Response	Percentage
Yes	50	100%
No	0	0%

6. Do you have a bank account ?

50 responses



Bank Account	Number of Respondent	Percentage
Yes	48	96%
No	2	4%

7. Which of the following government sponsored schemes are you aware of ?

50 responses

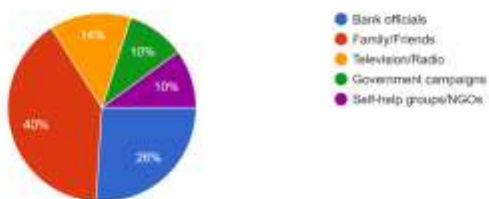


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Government sponsored schemes	Number of Response	Percentage
Pradhan mantri jan dhan yojana	9	18%
Fixed Deposit	11	22%
Recurring Deposit	1	1%
Insurance schemes	1	1%
Pension schemes	3	6%
Not aware of any	5	10%
All of the above	20	40%

**8. From where did you get information about these investment schemes?**

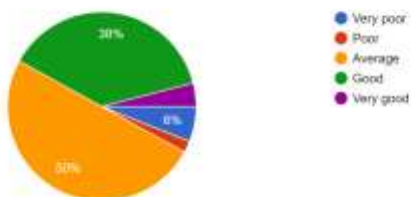
50 responses



From where you get these info?	Number of Respondent	Percentage
Bank officials	13	26%
Family/Friends	20	40%
Television/Radio	7	14%
Government campaigns	5	10%
Self-help groups/NGOs	5	10%

**9. How would you rate your understanding of financial products?**

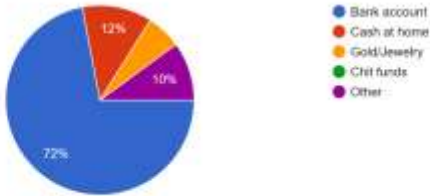
50 responses



Rate your understanding	Number of Respondent	Percentage
Very poor	3	6%
Poor	2	2%
Average	25	50%
Good	19	38%
Very good	2	4%

10. Where do you usually save your money?

50 responses

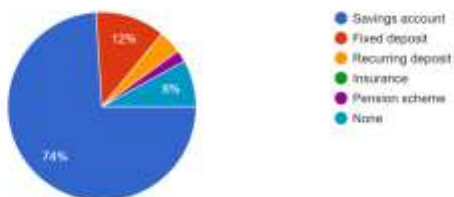


Where they save their money	Number of Respondent	Percentage
Bank account	36	72%
Cash at home	6	12%
Gold/jewellery	3	6%
Chit funds	0	0%
Other	5	10%

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11. Which of the following investment options do you currently use?

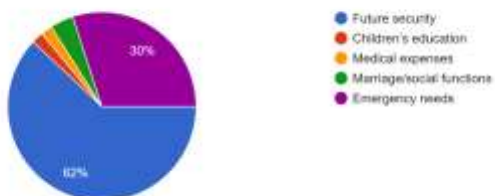
50 responses



Currently use options	Number of Respondent	Percentage
Saving account	37	74%
Fixed deposit	6	12%
Recurring deposit	2	4%
Insurance	0	0%
Pension scheme	1	1%
None	4	8%

12. What is the main purpose of your savings/investments?

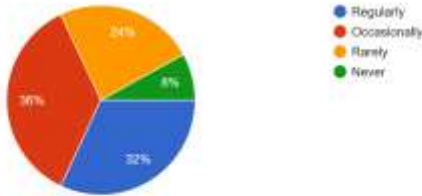
50 responses



Main purpose of saving	Number of Respondent	Percentage
Future security	31	62%
Children education	1	2%
Medical expenses	1	2%
Marriage/social function	2	4%
Emergency needs	15	30%

13. How often do you invest or save money formally ?

50 responses

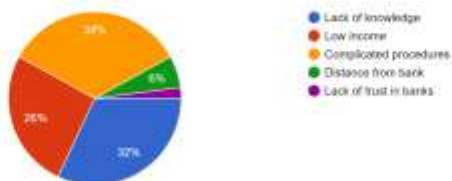


How often save money formally	Number of Respond	Percentage
Regularly	16	32%
Occasionally	18	36%
Rarely	12	24%
Never	4	8%

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14. What are the main difficulties you face in using these investment schemes?

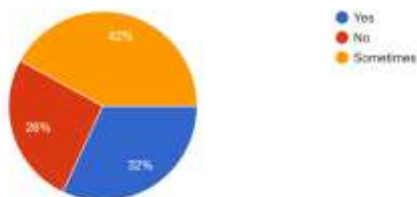
50 responses



Difficulty faced	Number of Respondent	Percentage
Lack of knowledge	16	32%
Low income	13	26%
Complicated process	17	34%
Distance	3	6%
Lack of trust	1	1%

15. Do you feel investment procedures are easy to understand?

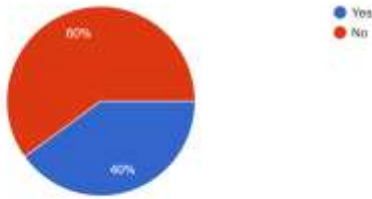
50 responses



Is it easy to understand	Number of Respondent	Percentage
Yes	16	32%
No	13	26%
Sometimes	21	42%

16. Have you ever attended any financial literacy program or awareness camp?

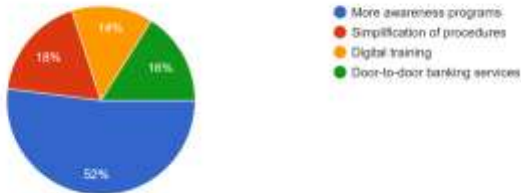
50 responses



Attend financial literacy program	Number of Response	Percentage
Yes	20	40%
No	30	60%

17. What steps do you think can improve financial literacy in rural areas?

50 responses



Steps to improve	Number of Respondent	Percentage
More awareness programs	26	52%
Simple the process	9	18%
Digital training	7	14%
Door to door bank service	8	16%

### Findings of the Study

Based on the analysis of primary data collected from 50 rural household respondents of the Agra region through a structured questionnaire (Google Form) and represented using pie charts, the following key findings emerge:

- **Basic awareness exists, but depth of financial literacy is limited**  
The study finds that while many respondents have basic awareness of financial concepts such as savings and banking, their understanding of investment products, risk, and returns remains limited. Financial literacy is mostly informal and experience-based rather than knowledge-driven.
- **Savings-oriented behaviour dominates over investment behaviour**  
A large proportion of respondents prefer traditional saving methods (such as bank savings accounts and fixed deposits) over market-linked investment options. This indicates a low risk-taking capacity among rural households.
- **Gender differences in financial decision-making**  
Male respondents are more actively involved in investment-related decisions, whereas female respondents show relatively lower participation, highlighting a gender gap in financial involvement and exposure.
- **Low participation in formal investment instruments**  
Participation in instruments such as mutual funds, shares, insurance-based investments, and government securities is comparatively low. Lack of awareness, fear of risk, and insufficient guidance are major reasons.
- **Financial decisions influenced by income stability and education**  
Respondents with stable income sources and higher educational levels demonstrate relatively better financial literacy and more diversified investment behavior compared to others.
- **Dependence on informal sources for financial information**  
Most respondents rely on family members, friends, or local agents rather than professional financial advisors or digital platforms. This limits exposure to accurate and diversified financial knowledge.
- **Positive attitude toward learning financial skills**  
Despite low literacy levels, the majority of respondents show a willingness to learn about financial planning and investment if proper training and guidance are provided.

### Challenges of the study

The study also identifies several challenges that hinder effective financial participation, including lack of financial knowledge, complicated procedures, and income constraints. These challenges reduce confidence in formal financial systems and discourage regular

saving and investment practices. Respondents' mixed responses regarding ease of understanding financial products further emphasize the need for simplified communication and financial education.

## 6. CONCLUSION

In addition, the study contributes to the existing body of knowledge by providing empirical evidence from a rural setting, which is often underrepresented in financial behaviour research. By focusing on the Agra region, the study highlights region-specific financial challenges and behavioural patterns that can assist policymakers in designing localized and need-based financial literacy interventions. The research also emphasizes that financial literacy is not only an economic tool but a means of social empowerment, enabling rural households to make informed choices, manage risks effectively, and achieve long-term financial security. Thus, improving financial literacy should be viewed as a continuous and inclusive process essential for rural development.

The present study examined the level of financial literacy and its influence on the investment behaviour of rural households in the Agra region. Using primary data collected through a structured questionnaire and supported by secondary sources, the study provides valuable insights into the financial awareness, saving habits, and investment practices prevalent among rural populations. The findings of the study highlight that financial literacy plays a significant role in shaping the financial decisions of rural households.

The analysis reveals that although access to formal banking services has improved in rural areas, the level of financial understanding remains moderate. Rural households show a strong preference for safe and familiar financial instruments such as savings accounts and fixed deposits, while the use of advanced financial products like insurance, pension schemes, and long-term investment options remains limited. This behaviour reflects a cautious approach toward financial decision-making, influenced by income constraints, limited awareness, and fear of financial risk.

The study also highlights that informal sources such as family and friends continue to play a major role in spreading financial information. Limited dependence on formal institutions for financial guidance restricts the flow of accurate and structured financial knowledge. Moreover, challenges such as complicated procedures, lack of financial knowledge, and low income levels act as significant barriers to effective participation in formal financial systems.

The study concludes that strengthening financial literacy initiatives is essential for promoting financial inclusion and economic stability in rural areas. Tailored financial education programs, simplified financial procedures, and increased involvement of banks and government agencies can significantly improve financial awareness among rural households. By enhancing financial literacy, rural communities can be empowered to make informed financial decisions, leading to sustainable economic development and improved quality of life.

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