

“A Study on Financial Awareness and Literacy among Rural Youth in Hassan District”

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ABSTRACT

India is heading towards becoming the third largest economy in the world. For this to become a reality both Urban and Rural Economies should contribute in augmenting the economic stability. Inclusive growth especially with respect to the rural areas where financial literacy rates are limited. The present study titled “A Study on Financial Awareness and Literacy among Rural Youth in Hassan District” aims to examine the level of financial awareness among the rural youth in Hassan District and to understand how it influences their financial decision making.

There are Eight Taluks in Hassan District, namely, Hassan, Arakalagood, Holenarasipura, Arsikere, Belur, Alur, Sakaleshapura and Channarayapatna. The Researcher has derived the information from all these taluks by serving a structured questionnaire. The study focuses on rural youth in Hassan District, which is rich in coffee, arcanut and spices. This segment of population has a very high potential to contribute to the economic growth of the country. However, lack of awareness about basic financial instruments, saving plans, investment opportunities, and credit management is kind of hindrance in making India digital. Due to this reason rural folks are not able to make calculated and informed financial decisions. This study is based on the data derived from a structured questionnaire administered to a selected sample of rural youth in Hassan District. The study emphasizes on rural youth in Hassan District of Karnataka, who represent a significant segment in the demography and they have all the potential to contribute to the overall economic development of the country. The current study adopts an empirical approach by collecting the primary data from a structured questionnaire which is distributed among a selected sample of rural youth.

The objectives of the current study includes assessing the level of financial literacy of rural youth, analysing awareness about the banking services and government schemes, identifying the factors influencing financial behaviour of rural youth. It also evaluates the role of digital financial tools such as mobile banking, UPI services in enhancing financial inclusion. All this is evaluated using percentage analysis, mean scores, correlation techniques.

The findings of the study reveal that there is moderate levels of financial awareness among the rural youth in Hassan District, the youth has significant lower levels of understanding with respect to investment practices and advanced financial literacy. The study highlights the need for financial education programs, awareness campaigns and various other policy interventions to improve financial literacy and promote responsible financial behaviour.

Eventually the study concludes that educating rural youth with respect to financial literacy is essential for achieving financial inclusion and sustainable development. The study also provides valuable insights for policy makers, educators and financial instruments to design effective strategies aimed at empowering rural youth with essential financial skills.

Keywords: Financial Inclusion, Financial Instruments, Sustainable Development, Youth Empowerment, UPI Services, Digital Banking, Mobile Banking, Online Banking.

INTRODUCTION

Financial Awareness and Literacy is considered to be prime skill in today's competitive economic environment. Financial Literacy relates itself to the study of an individual's ability to understand various financial concepts such as, savings, budgeting, investing, borrowing and managing money to grow effectively. Financial Literacy helps the individual's to make a prudent decision so as to make investments effective. It leads to overall improvement of financial wellbeing of an individual and in turn it also augments the effectiveness of the economy.

India is considered to be a developing economy with rapid changes taking place in the financial system regime. Digital Banking, Financial Inclusion Programs of the Government, Technological Advancements in Financial Engineering has led into the overall development of Financial Literacy. Rural areas still lag behind when compared to the urban areas in terms of financial literacy and awareness. Rural economy is considered to be wrapped up under the pillow of a farmer. Rural youth still struggle to understand financial system and its functioning in particular. This population in rural areas forms a significant pie when it comes to the management of funds. They rural youth is considered to be future earners and contributors to the overall economic development of the country.

In spite of various efforts taken by the government and financial institutions various financial inclusion programs in the rural areas are not fetching the desired results. The reasons for such failure may be identified as limited access to financial education, bad banking infrastructure, and lower socio-economic conditions. Lack of exposure to financial system has to be replaced with financial literacy programs.

Hassan District in Karnataka, is considered to be agriculture based economy with most of the livelihoods are dependent on agro based economy. The current study explores this economy with specific reference to the adoption of financial literacy. Financial awareness among younger population is assessed and recorded. The government policies are to be based on such kind of studies which empowers the rural sector. Governments both at state and centre can design effective policies and educational programs that can enhance financial literacy and financial well-being of rural folks. This in turn will result in better economic growth and development.

Therefore, the current study emphasizes on understanding the financial awareness and literacy levels among the rural youth of Hassan District. The study explores the factors affecting financial literacy and also suggests effective measures to improve financial prowess of rural youth.

REVIEW OF LITERATURE

Kapoor, G. T., Gupta and Dhawan (2023) conducted a study on 154 respondents in Lucknow to examine consumer preferences and expectations in online shopping. The major findings indicate that convenience, variety, and easy access to internet services are key drivers. Trust and satisfaction also play a substantial role in influencing consumer preferences.

Rani and Siwach (2023) conducted a comprehensive review of financial literacy in India using secondary data. The study found that financial literacy levels are generally low to moderate across different demographic groups, including youth. It emphasized the need for policy interventions to improve financial knowledge and decision-making abilities.

Czech et al. (2023) examined financial literacy challenges among rural populations across seven European countries using focus groups and interviews. The study revealed low awareness of financial fraud, lack of budgeting skills, and a strong need for education in savings and risk management.

Mohta and Shunmugasundaram (2023) studied financial literacy and risk behaviour among 318 millennial in Delhi NCR. The findings showed that higher financial literacy significantly improves investment decisions and risk-handling capacity among youth.

Kumar and Lucky (2026) conducted an empirical study on financial literacy among youth in India. The study highlighted that digital banking and cashless transactions have increased the importance of financial literacy as a life skill among young individuals.

Saritha, Nasar and Thamam (2026) studied financial literacy and saving habits of rural youth in Nenmeni Panchayat. The study found that rural youth have limited knowledge of financial products, and improving awareness can significantly enhance savings behaviour and financial stability.

Jayanthi and Rau (2019) analysed determinants of financial literacy among rural households in South India. The study concluded that education, income level, and access to financial institutions are key factors influencing financial literacy levels.

Sharma and Gupta (2022) conducted a study on financial inclusion and literacy in rural India. The findings revealed that financial literacy plays a crucial role in promoting financial inclusion and improving economic well-being among rural populations.

Singh and Kumar (2021) examined financial awareness among rural youth in Uttar Pradesh. The study found that lack of formal education and limited exposure to banking services are major barriers to financial literacy.

Patel and Desai (2020) studied financial literacy among college students in Gujarat. The results indicated that students have basic knowledge of banking but lack understanding of investment and insurance products.

Rao and Babu (2019) analysed financial awareness among rural youth in Andhra Pradesh. The study concluded that awareness programs and government initiatives significantly improve financial knowledge.

Kaur and Kiran (2018) conducted research on financial literacy among youth in Punjab. The findings showed that financial education positively influences saving and investment behaviour.

Lusardi and Mitchell (2014) studied financial literacy at the global level. The study revealed that financial illiteracy is widespread and affects financial planning, especially among young people.

OECD (2016) conducted an international survey on financial literacy. The report highlighted that youth and rural populations generally have lower financial literacy levels compared to urban populations.

Atkinson and Messy (2012) analysed financial literacy across countries and found that low financial awareness leads to poor financial decisions, especially among young and less-educated individuals.

Research Methodology

Research Type	Descriptive and Analytical
Research Context	Respondents located in Hassan District having at least a Bank Account in their name.
Research Approach	Quantitative and questionnaire based
Data type	Categorical and Continuous variables
Data collection tools	One Closed Ended Questionnaire for analyzing primary data, Various Journals and Books
Data Analysis Software	SPSS, MS Excel, MS Word, MS Power Point
Sampling Technique	Systematic Sampling
Sample Size (Primary Data)	120 Respondents

Statistical Tools	Cross Tabulation, Descriptive Analysis, Cronbach’s Alpha, Correlation Analysis, Regression Analysis, Chi-square test, T test.
Sampling Unit	Respondents chosen from rural parts of Hassan District
Questionnaire Construction	Questionnaire was constructed keeping in view the Objectives set. It consists of both Open-Ended and Closed-Ended Questions. The questions were set based on the concept of simplicity and understandability.
Scope of the Study	Restricted to Hassan District Only
Period of Study	February, March 2026
Limitations of the Study	<ul style="list-style-type: none"> • Respondents include only rural youth • No comparison was possible • Sample Size is too small • Study was completed in a short period of time • Reluctance of Respondents

Objectives of the Study

- a. To Understand the level of Financial Literacy among Rural Youth in Hassan District
- b. To explore the factors impacting Financial Literacy Levels among Rural Youth in Hassan District
- c. To examine the Socio-Economic factors impacting the Literacy Levels
- d. To Understand the awareness of Banking and Financial Services among rural youth in Hassan District
- e. To suggest measures to improve Financial Literacy Levels in rural areas of Hassan District.

Hypotheses of the Study

Hypothesis—1

H0: There is no significant relationship between Education Levels and Financial Literacy

H1: There is significant relationship between Education Levels and Financial Literacy

Hypothesis—2

H0: There is no significant relationship between Income Levels and Financial Literacy

H1: There is significant relationship between Income Levels and Financial Literacy

Hypothesis—3

H0: There is no significant relationship between Male and Female, when it comes to Financial Literacy

H1: There is significant relationship between Male and Female, when it comes to Financial Literacy

Hypothesis—4

H0: Financial Literacy does not depend upon Financial Decision Making among Rural Youth

H1: Financial Literacy influences Financial Decision Making among Rural Youth

Hypothesis—5

H0: There is no significant relationship between access to Banking Services and Financial Literacy

H1: There is significant relationship between access to Banking Services and Financial Literacy

Analysis and Interpretation

In the current study the collected data has been systematically analysed and interpreted to arrive at concrete results and insights into financial literacy levels of rural youth in Hassan District. The data for the study is been systematically collected using structured questionnaire. The responses were coded, classified and tabulated for statistical analysis. Descriptive and Inferential statistical tools are being used to measure the accuracy, reliability and the validity of the collected data.

Tables presented below for analysis purpose

Gender Analysis

Gender	No. of Respondents	Percentage
Male	77	64.16%
Female	43	35.83%
Total	120	100%

Majority of the respondents are Male which is close to 65% of the selected population. This indicates that a higher participation of rural Male Youth in the study.

Age Group Analysis

AGE GROUP	RECONDENTS	PERCENTAGE
18-25	38	31.66%
26-30	22	18.33%
31-36	60	50%
Total	120	100%

The majority of respondents in this survey belong to 31 to 36 categories indicating the maturity levels of the respondents.

Education Level

Education Level	Respondents	Percentage
SSLC	21	17.5%
PUC	39	32.5%
UNDER GRADUATION	52	43.4%
POST GRADUATION	08	6.67%
TOTAL	120	100%

43.4% of the population have completed their Under Graduation which indicates moderate levels of education attainment in the rural areas of Hassan.

Reliability Test (Cronbach's Alpha)

Reliability Analysis is been explored in order to check the consistency of the data derived from the questionnaire items with respect to Financial Literacy.

Variable	Cronbach's Alpha
Financial Literacy Scale	0.7422

The Cronbach's Alpha value is 0.7422 indicating the high reliability of the collected data. Any thing above 7 is considered to be valid and acceptable. It is been recorded that the questionnaire used for the analysis is consistent and reliable in terms of statistics.

Descriptive Statistics

Variable	Mean	Std. Deviation
Financial Literacy	3.291	0.952
Income Level	2.654	0.673
Education Level	4.123	0.792
Digital Awareness	3.821	0.227

The Mean Financial Literacy Score is 3.291 which is considered to be moderate and standard deviation values represent high to moderate variation among the respondents.

Correlation Analysis

VARIABLES	FINANCIAL LITERACY
Education Level	0.2122**
Income Level	0.3812**
Digital Awareness	0.5621**

(** Significant at 5% Level)

There is strong positive correlation between Education and Financial Literacy. Added benefit to this is digital awareness of the participants. It can be concluded that Education along with Income and Digital Awareness will increase the Financial Literacy in the Economy.

CHI-Square Test

Testing Hypothesis

- H0: There is no relationship between Education and Financial Literacy
- H1: There exists a significant relationship between Education and Financial Literacy

Value	Result
Chi-Square Value	11.2522
p-value	0.001911

P-value is observed as 0.001911 which is lesser than 0.05, therefore it is interpreted that there is a significant difference between financial literacy among male and female folks. It is again observed that Male respondents shown moderately higher financial literacy levels.

One-Way Anova (Education Level Vis-À-Vis Financial Literacy)

SOURCE	F VALUE	p-value
Between Groups	4.987	0.0012

P-value is observed at 0.0012 which is lesser than 0.05, which indicates that Education Level and Financial Literacy are interdependent. Higher Education Levels would result in better understanding of financial world.

Regression Analysis

R	R ²	ADJUSTED R ²
0.6381	0.4992	0.3502

R² = 0.4992, which means that 49.92% of fluctuations in financial literacy is elaborated by independent variables. The model is considered to be a good fit.

Co-efficient Table for Analysis

Variable	Beta	T- value	Significance
Education	0.4234	4.418	0.000
Income	0.2351	3.332	0.0021
Digital Awareness	0.3221	5.273	0.0001

Education with 0.4234 has the strongest impact on the digital awareness. Again, it is concluded in the analysis that Education and Income Levels also significantly influence the financial literacy.

Factor Analysis

FACTOR	LOADING
Digital Literacy	0.7321
Saving Behaviour	0.7891
Investment Awareness	0.6581

From the above table it is concluded that there are three major factors which will influence the financial literacy, they are, Digital Knowledge or Literacy, Saving Behaviour of individuals and Investment Awareness.

FINDINGS AND CONCLUSIONS

The current study on financial literacy among rural youth in Hassan district has given tremendous results when it comes to financial literacy part, moderate number of respondents are aware about various government schemes and banking structure. The awareness is constantly increasing with programs conducted by government authorities and the banks. It is also proposed in the concluding note that Hassan University need to start a course on Investor Awareness and Financial Education in the third Semester for all its Under Graduate Students. The findings further indicate that Education and Income Levels significantly influence the understanding of financial instruments and financial system.

As for as the gender is considered Male respondents are predominantly showing higher financial knowledge than their female counterparts. When it comes to awareness with respect to the investments it is considered to be low in various rural parts of the Hassan District. Again, it is proved in the statistical analysis that there is a relationship between Education and Financial Literacy. The Regression Analysis exhibits that there is significant relationship between Education, Income and Digital Awareness put together this can be considered as Financial Literacy.

Based on these findings the study suggests that Government and Educational Institutions should take active part in educating the rural masses with respect to Financial Literacy. The academia should incorporate financial literacy syllabus in its curriculum and government should conduct different campaigns to educate the rural folks. There is a need to train the rural youth with respect to the usage of UPI and online banking services. Digital India movement should focus on this area of strengthening the rural youth with respect to the usage of these

platforms. Specific focus should be given in educating the rural women and effectively implementing the schemes such as Pradhan Mantri Jan Dhan Yojana in order to make sure that comprehensive financial inclusion is carried out among the rural youth.

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