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Research Report

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Financial Literacy and Retirement Planning Trends: An Empirical investigation of Financial Planning in Saharsa District in Bihar

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HIGHLIGHTS

The study in Saharsa district, Bihar, found that financial literacy positively influences investment decisions, but there's a lack of awareness about retirement and estate planning, highlighting the need for PMJDY.
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ABSTRACT

The study evaluates the current status of financial literacy and retirement planning trends in Saharsa district in Bihar through an empirical study. This study aims to examine the relationship between retirement benefits and saving behaviour after analysed a sample of 384 respondents to design a model that examines the relationship between retirement planning and financial literacy trends. The study reveals that behavioural, socio-economic, and financial factors significantly influence investment decisions, with financial literacy and risk also positively impacting these decisions. Financial literacy in India emerged in the 21st century, aiming to improve capital formation through saving and investment among rural households through a well-planned and promoted approach. The knowledge and abilities needed to manage financial resources in developing sectors are referred to as financial literacy. It improves abilities for more effective financial management and development economics policymaking. In welfare economics, this study investigates the connection between literacy and inclusion. The study in Saharsa district in Bihar reveals a significant lack of financial literacy and inclusion among the population, with varied attitudes and behaviours. Findings indicate that Respondents have low awareness of Retirement and Estate Planning, and feel their personal financial plans are imbalanced, requiring expert management and PMJDY is an important instrument for assessing financial literacy in India since it enhances Saharsa district's socioeconomic inclusion.

Subjects: Financial Psychology; Economics and Development; Banking; Financial Literacy

Keywords: Financial Literacy, Saving Behaviour, Retirement Planning, PMJDY, Bihar

JEL Codes: D12, D14, D63.

INTEREST STATEMENT

This study highlights the importance of financial literacy in Saharsa district; it aims to provide a comprehensive understanding of financial literacy, addressing challenges and opportunities for economic well-being.

1. INTRODUCTION

Economists are investigating financial illiteracy to understand retirement planning and wealth disparity. Many households lack basic economic concepts, impacting saving, investment decisions, and retirement planning. Governments and nonprofit organizations are working to improve financial literacy, addressing this widespread issue (Annamaria Lusardi, 2007). Financial inclusion promotes affordable, timely access to regulated financial products and services, promoting financial wellbeing and economic and social inclusion through tailored approaches and financial awareness (Onaolapo, 2015). Retirement planning is a personal choice in financial management, partly influenced by an individual's income management for saving, spending, and investments (Tuan Hock Ng, 2011). Where as financial literacy refers to the awareness, knowledge, skill, attitude, and behaviour required to make sound financial decisions and achieve individual financial well-being (NCFE, 2019). Financial access is a government policy tool for stimulating growth by facilitating resource allocation and reducing capital costs. Inclusive financing systems improve financial management and reduce unfair informal credit sources. Financial access is a key factor in economic development, as it allows individuals and businesses to efficiently allocate resources, stimulate growth, and reduce capital costs. Access to banking, credit, and insurance facilitates resource allocation, promoting investment, entrepreneurship, and consumption. Inclusive financial systems provide services to a broader population, ensuring equitable distribution of resources. Access to formal financial services enhances financial management, contributing to economic stability. Inclusive financing systems reduce reliance on informal credit sources, providing a safer, more regulated financial environment. Governments can implement policies to enhance financial access, such as establishing a regulatory framework, promoting financial literacy, and supporting financial infrastructure development for retirement planning. Retirement planning is crucial for financial security and ensuring retirees have sufficient savings for post-retirement needs, despite the perceived distantness of retirement (Ibrahim, 2013).

1.2. Statement of the Problem:

The review suggests that a global analysis of financial literacy is crucial for effective management of financial challenges. The study examines the socio-economic development of Bihar, India, revealing it as the most backward state in the Human Development Index (HDI) (UNDP, 2022). It highlights the need for a critical analysis of literature on financial literacy and inclusion in Bihar, highlighting its well-developed mechanism for managing

financial literacy, retirement saving challenges. The Saharsa district in Bihar is focusing on enhancing financial literacy and inclusion to boost the region's development by addressing information asymmetry and designing pragmatic solutions for retirement saving benefits.

1.3. Scope of the study:

Financial literacy is essential for making informed decisions about financial resources, budgeting, saving, investing, and risk management. It is crucial for achieving financial inclusion, especially for low-income households in rural areas like Saharsa, Bihar. Policymakers and regulators must prioritize financial literacy to achieve 100% inclusion. Current research should provide insights into rural households' financial decision-making. The study aims to fill a gap in research on financial literacy and investment decision making in India, focusing on overall personal financial planning aspects and measuring awareness, attitude, and factors influencing financial planning, thereby enhancing the overall financial well-being of individuals.

1.4. Need for the study:

The study in Saharsa district, Bihar, reveals a significant lack of financial literacy and inclusion among the population. The findings suggest that PMJDY is an important tool for assessing financial literacy in this area for retirement saving, as it enhances socioeconomic inclusion in the area. The study aims to identify needs and gaps in financial education provision. Rural households face challenges in managing cash due to limited resources and difficult circumstances. Financial literacy is crucial for addressing these challenges and promoting financial inclusion. Financial literacy is rising due to deregulation and globalization, but India's increasing saving rate and lifestyle changes have led to increased debt. Investors prefer safe options like bank FDs and post office schemes, hindering their financial wellbeing. Investors should be aware of market components and economic variables. Governments can implement policies and programs to educate rural communities about the benefits of participating in the formal financial system and managing petty cash effectively. The general population, including local leaders and educators, should also participate in raising awareness about the benefits of financial literacy. Addressing financial knowledge gaps is essential for targeted interventions. A comprehensive approach combining formal financial inclusion and practical financial literacy education can help build a foundation for sustainable economic growth and development.

1.5. Objectives of the study:

The study aims to assess financial literacy and inclusion among rural households in a selected territory. It will study socio-economic and demographic profiles, measure financial literacy dimensions, and evaluate financial inclusion levels across different demographics and socio-economic profiles. The study investigates the link between financial literacy and

financial inclusion among respondents and suggests strategies to improve financial literacy for inclusive growth and retirement savings.

2. LITREATURE REVIEW

The literature review discusses the relationship between financial literacy and inclusion in Bihar, focusing on a critical evaluation and the intersection of these two aspects.

Lusardi & Mitchell's study on financial planning and literacy among Americans revealed that most respondents had high financial illiteracy, leading to poor retirement planning and insufficient understanding of retirement requirements (Annamaria Lusardi, 2007).

(Verma, 2008) study in Jaipur found that investment choices are influenced by various demographic factors including profession, income, qualification, age, gender, and personality type.

The study of Bhushan in his article Relationship between financial literacy and investment behaviour of salaried individuals investigates the relationship between financial literacy and awareness of financial products among 516 respondents, finding that financial literacy affects awareness and investment preferences of salaried individuals (Bhushan, 2014).

Empirical evidence suggests that richer, educated, older, urban, employed, married, or separated individuals have higher likelihood of owning an account at a formal financial institution (Franklin Allen, 2016).

India's PMJDY scheme supports financial inclusion by providing provisions like subsidy transfer, insurance, and pension, and transferring COVID-relief funds directly to beneficiary accounts, despite challenges in maintaining active accounts (Foundation).

Financial inclusion is crucial for poverty reduction, transferring economic growth benefits to the lowest, while limited access to financial services hinders economic growth and new initiatives (Foundation).

The PMJDY's numerous accounts present a chance to trigger a shift from supply-side to demand-side subsidies in development and welfare programs, strengthening self-reliance and reducing vulnerability in drought-drought districts (Dr. Sameer Sharma, 2016).

The Pradhan Mantri Jan-Dhan Yojana (PMJDY) aims to provide financial services to excluded sections, including basic savings bank accounts, need-based credit, remittances, insurance, and pension, at an affordable cost. The plan includes universal access to banking facilities, financial literacy, credit, insurance, and pension facilities. Beneficiaries will receive a RuPay Debit card with an accident insurance cover of ₹ 1 lakh. The scheme also

plans to address technological issues like poor connectivity and online transactions (Pradhan Mantri Jan-Dhan Yojana). The Pradhan Mantri Jan Dhan Yojna (PMJDY) is a key factor in financial and socio-economic inclusion in Bihar, providing a platform for poor households to sustain themselves through the Aadhaar Payment Bridge System. It also empowers women in rural areas, promoting sustainability in a patriarchal society.

The Life Freedom Index Survey (2012) revealed low financial freedom and awareness among Indian women, leading to mismanagement in financial preparations due to a gap between financial awareness and product knowledge

The literature survey reveals that family income is the most dominant factor in investment decisions, with risk-averse investors preferring banking, insurance, and post office schemes. Economic climate changes have influenced investor perceptions, but the impact on investment behaviour remains unclear. Financial literacy and investment behaviour are interconnected for financial wellbeing and long-term security. Keeping in this view to the lack of past reviews and extensive literature on FL&FI, for Saharsa district; it is crucial to provide a precise evaluation of academic achievements in this field. This study aims to combine literature on financial literacy and inclusion through a systematic mapping and literature review, explore Saharsa district in Bihar, identify gaps, and frame new research activities through content analysis.

3. HYPOTHESIS

3.1. Hypothesis for Statement Veracity:

Relationship between understanding importance of banking services and level of awareness about Financial Literacy PMJDY

H0: There is no significant relationship between the, understanding importance of banking services and awareness about Financial Literacy [PMJDY]

H1: There is significant relationship between understanding importance of banking services and awareness about Financial Literacy [PMJDY]

3.2. Hypothesis for investment type

1. H 0: Financial literacy does not significantly differ among different investment types such as equity, preference stock, mutual funds, life insurance, and bonds.

2. H1: Financial literacy varies significantly among different investment types such as equity, preference stock, mutual funds, life insurance, and bonds.

3.3. Hypothesis for interaction:

1. H0: The study found no significant correlation between investment type and statement veracity in terms of financial literacy.
2. The study reveals an interaction effect between investment type and statement veracity on financial literacy.

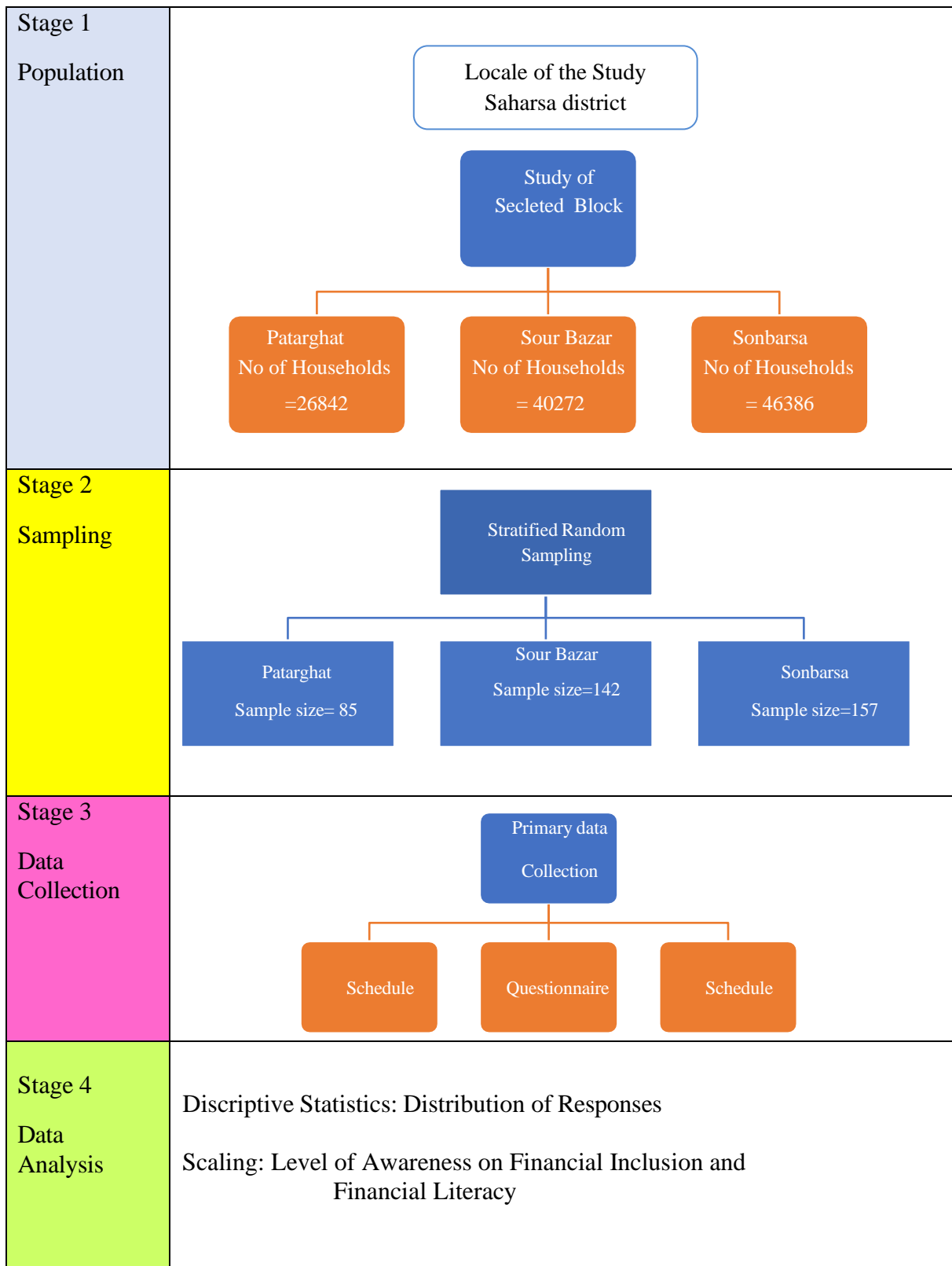
The null hypothesis is rejected for investment types and interaction sources of variation, indicating significant differences in financial literacy based on investment type and statement veracity.

4. METHODOLOGY

The review of literature on financial literacy in Bihar reveals socio-economic and political challenges, highlighting a research gap due to Bihar's backward socio-economic development. The main focus is on managing these challenges in financial literacy. The research consists of two stages: explanatory desk research, collecting literature on financial literacy and investment patterns. The paper aims to study the current status of Financial Literacy [PMJDY], its awareness among rural customers, and their investment behaviour for future. The research investigates how financial literacy levels influence individuals' retirement financial product investment preferences using field experimentation, surveys, and data collection from various sectors and organizations.

4.1. Research Design

A research design is a comprehensive blueprint for data collection and analysis, outlining the type, quality, and procedures for gathering and analyzing information from various sources. Descriptive research design was utilized to describe financial literacy and retirement savings aspects, awareness levels, and determinants among rural customers, aiming to achieve the objective.



4.2. Field of Study

Saharsa, a Bihar district in India, has a population of 2,679,933 as of 2024. The district has a literacy rate of 804,996 out of 506,374 males and 298,622 females. [As per 2011 census of India, Saharsa District has a population of 1,900,661 in 2011 out of which 997,174 are male and 903,487 are female]. The population relies on multiple skills, with 649,898 workers and 118,840 cultivators. The sex ratio is 906 females per 1000 males (Saharsa district profile). Three blocks Patarghat, Sour Bazar and Sonbarsa were selected for study.

Figure No 01: Saharsa District Position

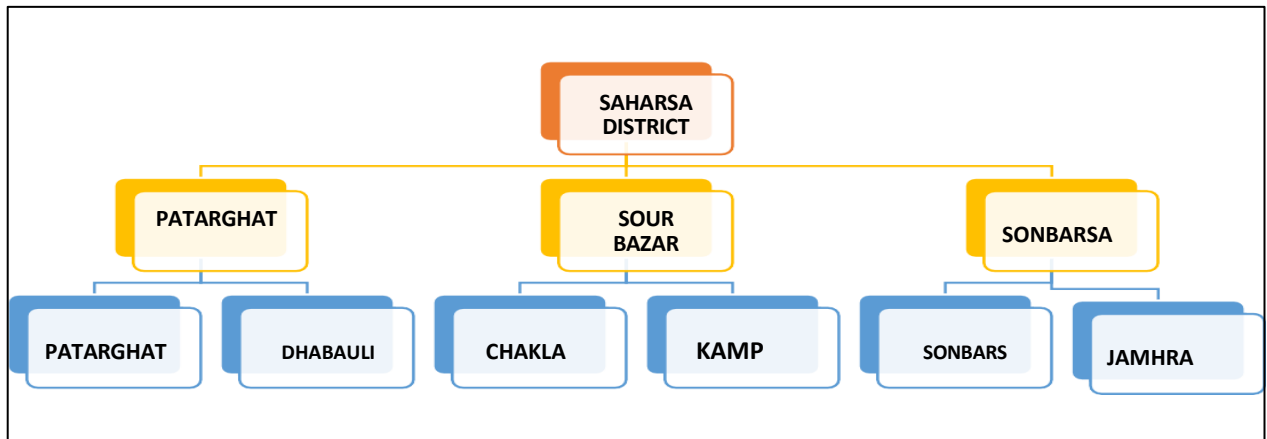


A population study investigates a set of variables, people, or events, either real or hypothetical, with common characteristics that allow identification within a common pool.

4.2.1. Accessible or Study Population:

The accessible population for this study was rural households of selected six villages from the selected three Block of the Saharsa district. The selected villages from the Patarghat blocks are Patarghat and Dhabauli, From Sour Bazar selected villages are Chakla and Kamp, and from Sonbarsa Block selected villages are Sonbarsa and Jamhra.

Figure No.02: Flowchart of Selected Study Domain



4.2.2. Population Size for the Study:

The total population of Patarghat block is 128,322[According to 2011 Census of India], Sour Bazar having 214,166 and Sonbarsa having 23584. Block was summed up to achieve final population. The total populations three Blocks are 366,072 and of the six villages were 68414.

4.2.3. Selection of Sample for the Study:

The research sample is selected from rural households in selected villages of the district due to constraints like cost, time, validity, and reliability. A stratified multi-stage sampling method was used; the sampling process is explained at each stage. The stratified sampling method is applied for the selection of proposed sample size of 384 rural households from the Patarghat, Sor Bazar and Sonbarsa blocks of the Saharsa district. The number of sample item taken from each block treated as one stratum was proportional to the size of its population.

4.2.4. Sample Size Determination:

The study's sample size is determined using Cochran's "Sampling Technique" method, as it is the most relevant source for determining the appropriate sample size for the large population. Used to compute an ideal sample size for a desired level of precision, it is recommended to be used for studies with infinite populations (Cochran, 1977).

The equation has been created in the following form.

$$n_0 = Z^2 * p * (1-p) / e^2$$

Where,

n_0 = the sample size
 Z^2 = confidence level at 95% (standard value of 1.96)
 p = population proportion
 e = margin of error at 5% (standard value of 0.05)
 $n_0 = (1.96)^2 * 0.5 * (1-0.5) / (0.05)^2$
 $= 384$

The sample size was selected to 384.

4.2.5. Statistical Tools:

The research utilized appropriate statistical methods, including the Anova test and multiple regression test, and Chi-Square to achieve its objectives based on the nature of the questionnaire. The table 1 displays the list of statistical tools utilized in this study.

Table No:1 List of statistical tools utilized

Sl No.	Hypothesis	Tools applied
01	Respondents' demographic profile and familiarity with financial institutions are not significantly related.	Anova Test
02	Saving behavior is not significantly linked to individuals' financial control.	Multiple Regression Test

4.2.6. Research Tools:

The study uses a well-structured questionnaire to measure financial behaviour and attitude. It uses a multidimensional measure and a 5-point Likert scale to measure the impact of financial attitude on financial behaviour, including financial planning, handling, risk, and satisfaction.

4.2.7. Design for Sampling:

Finally, the two villages based on convenient sampling are drawn from each stratum. The criteria for selection of sample from each selected village are as follows:

Table No.: 021 Design of Sample for the Study

Determination of the Sample Design										
Selected Blocks	Total population in selected Panchayat	% of Share in total population	% of share in total Sample (384)	Adjusted figure	Selected Villages	Total population of village	Sum of two villages' population	% of share in total village	share in Total samples (n=384)	adjusted figure
Patarghat	128,322	22.188	85.20348	85	Patarghat	8297	34079	24.34637	20.68	21
					Dhabauli W	25782		75.65362	64.30	64
Sor Bazar	214166	37.031	142.20235	142	Chakla	606	20037	3.02440	4.28	4
					Kamp	19431		96.97559	137.69	138
Sonbarsa	235841	40,779	157.5941	157	Sonbarsa	12297	14298	86.00503	135.02	135
					Jamhra	2001		13.98797	21.94	22
SUM	578329	100	384	384					384	384

Source: Calculation based on Census 2011

4.2.8. Framework for Data Collection and Sources of Data

The study utilized a survey method to gather primary data, which was found to be well-suited for a descriptive study. The study utilized both primary and secondary data to gather information on Financial Literacy [PMJDHY] and investment behaviour, focusing on its financial inclusion scheme, and analysed rural customers' awareness and factors affecting it using a structured questionnaire. The research analyses secondary data on financial literacy in Bihar and the Saharsa district of Bihar from 2022 to 2024, sourced from the Department of Financial Services, Ministry of Finance, Government of India. The study's primary data was collected intermittently between October 2023 and January 2024.

4.2.9. Tools and technique used for Data Analysis

The study used cross tabulation and chi-square test for data analysis, but faced limitations such as identifying potential rural customers for Financial Literacy [PMJDHY] and investment behaviour, hesitant respondents to provide necessary information, and a lack of awareness or unfavourable tendency towards banking services.

A. Level of basic financial literacy:

1. H0: Respondents' do not agree with commonly held notions about financial literacy.
2. H1: Respondents' do agree with commonly held notions about financial literacy.

Respondents disagree with commonly held financial literacy notions, indicating that investors have basic financial literacy.

B. The relationship between the percentage of income invested and the expected rate of return on investment

1. H0: The percentage of income invested does not significantly affect the expected rate of return on investment.
2. H1: The percentage of income invested significantly influences the expected rate of return on investment.

The study suggests that the percentage of income invested has a significant impact on the expected rate of return on investment.

4.2.10. Analytical Framework of Data Analysis

Table No. 03: Analytical Framework

Sl. Number	Content	Nature of Data	Analytical Framework
01	The significant role of financial literacy in Bihar	The data was sourced from the Department of Financial Services, Ministry of Finance, Government of India and Bihar.	Simple Statistics
02	The study explores the relationship between educational status and their savings accounts within the context of financial literacy.	Quantitative Data	The Pearson correlation study examines the relationship between educational attainment and dependent status, specifically as a measure of savings account.
03	The study examines the perception regarding the financial literacy in Bihar.	Qualitative Data	The case study and informal interviews are essential tools for understanding complex situations.

5. FINDING AND ANALYSIS

The Pradhan Mantri Jan Dhan Yojana (PMJDY) is an Indian government scheme launched in August 2014, aiming to provide financial inclusion to individuals without bank accounts, offering services like banking, remittance, credit, insurance, and pension. The Jan Dhan Yojna allows Indian citizens over 10 years old without a bank account to open one with zero balance at any bank branch or Business Correspondent outlet. It also offers accidental insurance up to one lac without charge and a RuPay debit card (PMJDY).

Bihar, Uttar Pradesh, and Tamil Nadu ranked highest in beneficiaries under the Pradhan Mantri Jan Dhan Yojana in 2022-23, with 6.23 crore Jan Dhan accounts initiated, demonstrating the Yojana's significant role in financial inclusion and empowerment (Saurabh, 2023). Bihar ranks 32nd in CRISIL Inclusix index and 29th in NCFE survey, struggling with low financial awareness and inadequate banking penetration, particularly in rural areas. Bihar has the lowest ATM density in India, with 17,972 people per bank branch and 16,067 people per ATM. Despite digital financial services providing last-mile connectivity, the gender gap in access to finance remains substantial; despite significant improvements in financial inclusion indicators (State Rural Livelihoods Mission (SRLM), 2019). There are 63 Commercial Banks in Saharsa district and 35 Rural Banks. Accounts under PMJDY in Bihar is 5, 18, 72,913 and in Saharsa district is 9, 03,838 (KARAD, 2022).

Pradhan Mantri Jan Dhan Yojna covers 17281381 households and 14640 allotted wards in Bihar, including 14640 Wards-SSAs.

Table No: 04 PMJDY SSA Statuses

State Name	Alloted Wards-SSAs	Wards-SSAs Survey Done	Wards-SSAs Survey Pending	Total House Hold	Covered House Holds	House Hold Coverage %
Bihar	14640	14640	0	17281831	17281831	100.00%

Source: Department of Financial Services, Ministry of Finance, Government of India.

Saharsa district in Bihar has 302 allotted ward-SSAs, making it the leading district in Pradhan Mantri Jan Dhan Yojna (PMJDY), covering both rural and urban areas and having a 100% coverage rate.

Table No: 05 PMJDY Saharsa statuses

District Name	Allotted Wards-Ssas	Wards-Ssas Survey_Done	Household Coverage-%
Saharsa	302	302	100%

Source: Department of Financial Services, Ministry of Finance, Government of India.

Pradhan Mantri Jan Dhan Yojana aims to promote financial inclusion by providing banking services to all households, including basic savings, credit, remittances, insurance, and pensions. Bihar is the leading state in India for financial literacy. The Pradhan Mantri Jan Dhan Yojana aims to improve financial literacy at village level, extending Direct Benefit Transfer, Kisan Credit Cards, micro insurance, and unorganised sector pension schemes. The scheme has a structured monitoring mechanism from Central to District level, with the finance minister as the Mission head and a Steering Committee and Mission Director (PMO, 2023).

Financial Literacy and Investment Behaviour

Financial knowledge and abilities are crucial for making appropriate investment decisions, as financial maturity significantly impacts the quality of these decisions (D.A.T., 2020). Investment decision-making involves managing difficult circumstances to choose the best investment type, often challenging due to financial constraints and the difficulty in determining the optimal investment type (Raut, 2020). Behavioural finance examines investor reactions to market information, highlighting erroneous financial decisions and market oddities. It explores whether attitudes translate into behaviour, focusing on mutual funds, shares, and bonds (Rizka Septiana Putr, 2023).

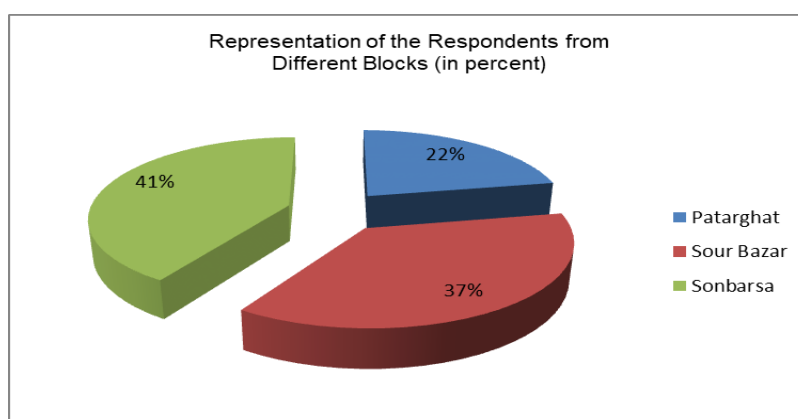
5.1. Analysis of Primary Data

No. of respondents from different blocks

Table No: 06 Selection of Respondent

Blocks	Respondents
Patarghat	85
Sour Bazar	142
Sonbarsa	157
Total	384

Figure No: 03: Representation of Respondents



5.2. Awareness banking and banking related services:

Table No. 07: Awareness banking and banking related services

Do you visit Bank?			Are you having Bank account?		
	Frequency	Per cent		Frequency	per cent
Yes	246	64.062	Yes	261	68
No	138	35.93	No	123	32
Total	384	100	Total	384	100

Despite the introduction of PMJDY, rural areas are still underutilized in banking services, with over 35% lacking bank accounts and 36% hardly visiting banks, despite having savings accounts.

Accessibility to Formal Financial Institution

Table No. 08: Accessibility to Formal Financial Institution

BLOCKS	VILLAGES	RESPONDENTS								
		YES				NO				
		N	% of YES	Total Of (n=261)		N	%	Total of (n=123)		Total of Blocks
Patarghat	Patarghat	15	8.5	57	21.83	6	5.1	28	27.45 %	85
	Dhabauli W	42	35.7			22	18.7			
Sour Bazar	Chakla	02	5.22	103	39.46	02	1.62	39	31.7%	142
	Kamp	101	38.6			37	30.08			
Sonbarsa	Sonbarsa	86	32.9	101	38.69	49	38.83	56	45.52	157
	Jamhra	15	5.74			7	5.69			
Total of all respondents		261	100	261	67.96 %	123	100	102	32.03 %	384

Figure No.04: Representation of Block wise Accessibility

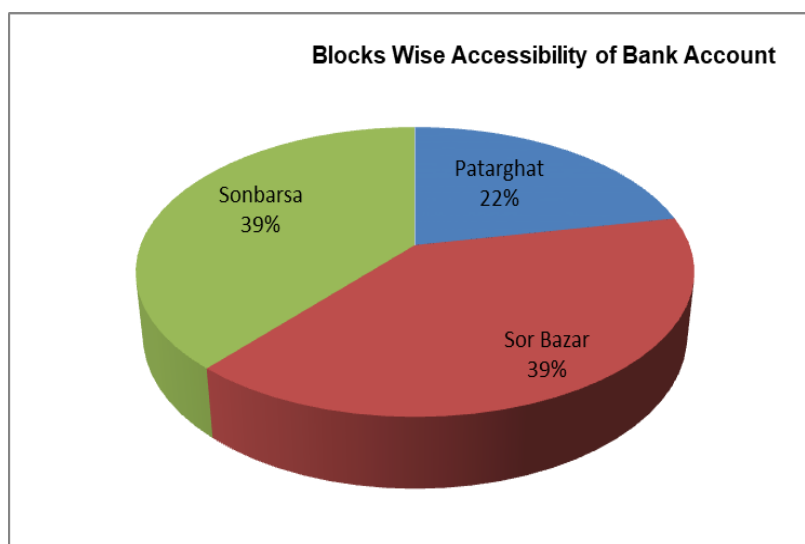
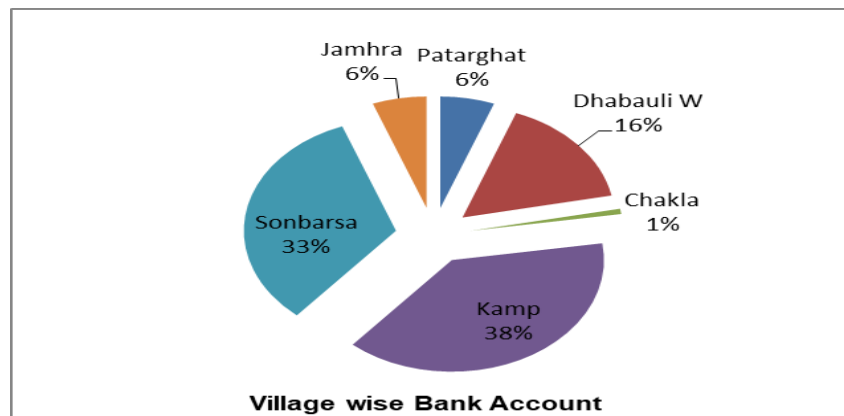


Figure No. 05: Representation of Village Wise Bank Account



Out of 384 respondents, 67.96% have a formal account in any type of formal financial institution, with the majority from Sour Bazar Block (39%), Sonbarsa Block (38%), and Patarghat Block (22%).

5.3. Admirable Banking Service

Table No. 09: Admirable Banking Service

Banking Service	Frequency	Percent
Deposit	92	24
ATM	138	36
Fund Transfer	46	12
Online Banking	77	20
Loan	23	6
Any other	8	2
Total	384	100%

The table reveals that ATM, Deposit, Withdrawal, and Online services are the most attractive bank services for rural customers, indicating that technology significantly influences their behaviour.

5.4. Awareness about various banking services

Digital Financial Services (DFS) have emerged as a result of technological innovations, enabling the provision of tailored financial services on a large scale, thereby reducing costs and increasing efficiency, thereby enhancing the overall financial service experience (Ceyla Pazarbasioglu, 2020).

Table No. 10: Awareness about various banking services

Banking Services	Well known	Moderate aware	Less aware
Deposit and Withdrawal	62.0%	25.7%	12.3%
Loan	52.4%	31.4%	16.2%
ATM Related Services	52.4%	16.2%	31.5%
Draft	51.4%	22.9%	25.7%
Online services	48.6%	22.9%	28.6%
Tax related services	40.0%	12.4%	47.6%
Reference	39.0%	13.3%	47.7%
Agency Work	35.2%	24.8%	40.0%
Fund Transfer	26.6%	37.1%	36.2%
Pension	26.7%	13.3%	60.0%

The government has implemented initiatives to open savings accounts for rural people, but many are unaware of banking services, with 12% even not knowing basic bank services.

5.5. Financial Inclusion Schemes

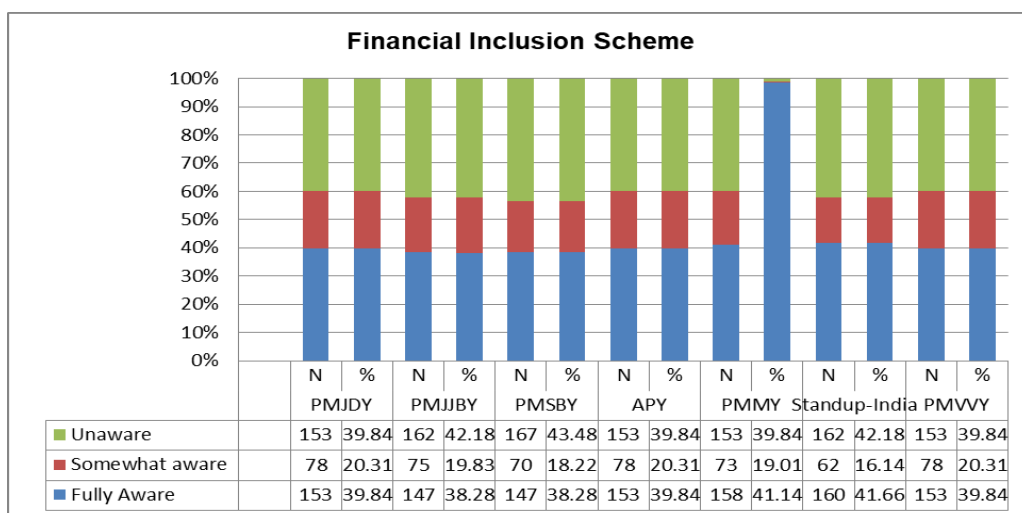
Financial inclusion schemes aim to provide access to basic financial tools and services to underserved and marginalized populations, particularly in rural and remote areas, thereby improving their economic well-being. Financial inclusion is a process that ensures equal access, availability, and usage of the formal financial system by all members of an economy. Financial access is a crucial policy tool for government growth, facilitating efficient resource allocation and reducing capital costs. Inclusive financing systems improve financial management and reduce informal credit sources, such as money lenders (Martinez, 2011).

Table No.11: Financial Inclusion Scheme Interpretation

Financial Inclusion Scheme					
Scheme	Measures	Fully Aware	Somewhat aware	Unaware	Total
PMJDY	N	153	78	153	384
	%	39.84%	20.31%	39.84%	100
PMJBY	N	147	75	162	384
	%	38.28%	19.83%	42.18%	100
PMSBY	N	147	70	167	384
	%	38.28%	18.22%	43.48%	100
APY	N	153	78	153	384
	%	39.84%	20.31%	39.84%	100
PMMY	N	158	73	153	384
	%	41.14	19.01%	39.84%	100

Standup-India	N	160	62	162	384
	%	41.66%	16.14%	42.18%	100
PMVVY	N	153	78	153	384
	%	39.84%	20.31%	39.84%	100

Figure No. 06: Presentation of Financial Inclusion Scheme



The survey results indicate that 60% of the population is aware of the Financial Inclusion Scheme, while 40% is still unaware.

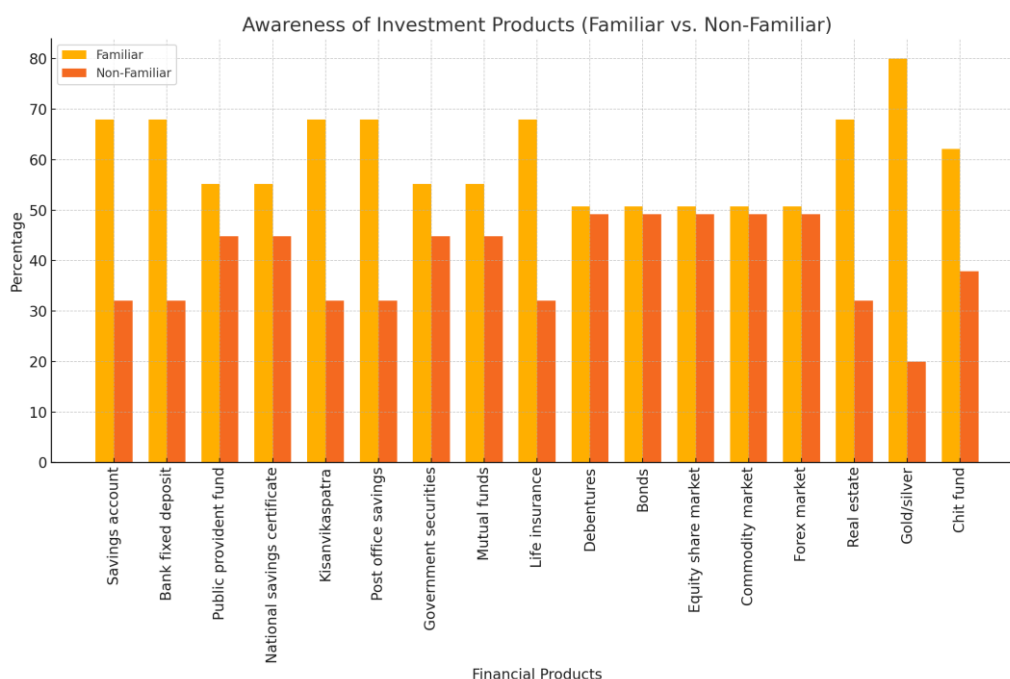
5.5.6. Awareness of Investment

Financial markets offer various investment options, from traditional to modern. However, many investors still prefer traditional, safer investments due to an information gap between them and financial markets. This imbalance persists, with traditional investments still occupying a larger share of investor portfolios. Improving financial literacy could help bridge this gap, enabling more informed investment choices. The majority of investors lack modern investment products due to an information gap between financial markets and financiers, indicating an imbalance between traditional and modern investment avenues.

Table:12 Awareness about investment products

Financial product	Familiar		Non- familiar	
	Frequency	Percentage	Frequency	Percentage
I. SAFE INVESTMENT AVENUES				
Savings account	261	67.96%	123	32.03%
Bank fixed deposit	261	67.96%	123	32.03%
Public provident fund	212	55.20%	172	44.80%
National savings certificate	212	55.20%	172	44.80%
Kisanvikaspatra	261	67.96%	123	32.03%
Post office savings	261	67.96%	123	32.03%
Government securities	212	55.20%	172	44.80%
II. MODERATE RISK INVESTMENT AVENUES				
Mutual funds	212	55.20%	172	44.80%
Life insurance	261	67.96%	123	32.03%
Debentures	195	50.78%	189	49.21%
Bonds	195	50.78%	189	49.21%
III. HIGH RISK INVESTMENT AVENUES				
Equity share market	195	50.78%	189	49.21%
Commodity market	195	50.78%	189	49.21%
Forex market	195	50.78%	189	49.21%
IV. TRADITIONAL INVESTMENT AVENUES				
Real estate	261	67.96%	123	32.03%
Gold/ silver	307	80%	77	20%
Chit fund	208	62.1%	127	37.9%
	231	60.15%	153	39.75%

The study reveals that people have a high familiarity with safe investment avenues, such as savings accounts, fixed deposits, and post office savings, with a familiarity rate of 67.96%. However, these avenues have lower familiarity with certain investments, such as the Public Provident Fund (PPF), National Savings Certificate (NSC), and Government Securities. Life insurance, mutual funds, and bonds have a moderate familiarity rate of 55.20% and 50.78%, respectively. High-risk investments, such as equity, commodity, and forex markets, have a low familiarity rate of 50.78%. Traditional investments, such as gold/silver, real estate, and chit funds, have a high familiarity rate of 80% and 62.1% respectively.



This analysis suggests areas for improving financial literacy and product awareness in investment categories, including moderate-risk investments, high-risk investments, and government-backed securities. It suggests targeted education to increase awareness of benefits and risks, demystifying these products.

6. HYPOTHESIS TESTING

Relationship between understanding importance of banking services and level of awareness about PMJDY

H0: There is no significant relationship between the, understanding importance of banking services and awareness about PMJDY

H1: There is significant relationship between understanding importance of banking services and awareness about PMJDY

Understanding about importance of banking services

Table No. 12: Understanding about Banking Services

Level of awareness about PMJDY	Understanding about importance of banking services			Total
	Not very useful	Somewhat useful	Very useful	
Fully aware	35	40	78	153
Somewhat aware	25	20	33	78
Not aware at all	30	45	78	153

Total	90	105	189	384
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Chi-Square Tests: From the above Table under the PMJDY Scheme data

Chi-Square Value	Value	df
χ^2	40.23	4

From the p-value of the Pearson chi-square test, which is less than 0.05, we can say that the null hypothesis cannot be accepted. There is a significant relationship between the level of understanding about the importance of banking services and awareness about PMJDY. In this section analyses financial inclusion indicators, assessing, overall inclusion, and the inter linkage between financial literacy and financial inclusion among respondents. Social empowerment through PMJDY in rural households in Saharsa District involves social protection, lifestyle changes, and decision-making, promoting self-sufficiency, poverty eradication, and family and societal respect.

Awareness about investment products and planning

1. **Null Hypothesis (H_0):** There is no significant difference in the proportion of familiarity between different categories of financial products.
2. **Alternative Hypothesis (H_1):** There is a significant difference in the proportion of familiarity between different categories of financial products.

The results of the Chi-Square test for independence are as follows:

- **Chi-Square Statistic (χ^2):** 208.18
- **p-value:** 6.44×10^{-35}
- **Degrees of Freedom:** 17

Since the p-value is significantly less than the common significance level of 0.05, we reject the null hypothesis. This suggests that there is a significant difference in familiarity levels across the different financial products, indicating that familiarity with financial products varies depending on the type of investment.

SUMMARY OF FINDINGS

The study assessed financial literacy levels among rural households in Saharsa district, Bihar, examining its impact on financial inclusion and the relationship between socio-demographic factors. This analysis examines financial behaviour and its impact on rural respondents' financial well-being, considering financial behavioural questions to capture maximum information from the sample respondents.

CONCLUSION

The financial well-being of a country's residents is crucial for economic growth. It is influenced by personal financial planning and financial literacy. However, there is limited research on overall personal financial planning, particularly in Bihar. The government's efforts to improve rural customers' financial health have only partially increased awareness about the new financial inclusion plan PMJDY. Factors like demographics and information sources do not significantly affect awareness. The government should focus on vulnerable groups in backward districts and encourage them to avail formal financial services and gain financial knowledge. Financial institutions should collaborate with the government on financial literacy initiatives, designing programs for vulnerable populations like low-income groups, women, and the elderly.

SCOPE FOR FUTURE RESEARCH

The study focuses on financial literacy and inclusion in rural communities in Saharsa, Bihar, examining the linkages between financial literacy and awareness of different investment avenues. It suggests that financial well-being depends on respondents' financial attitude. Future research on the Pradhan Mantri Jan Dhan Yojana, including state-wise performance analysis, outreach, efficiency, and technology-based implementation, can provide valuable insights for policymakers and governments. The study also explores human capital, retirement savings, financial capability, access to financial instruments, and mandatory financial education courses.

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