

# Gender Dimensions of Financial Literacy on Personal Financial Planning: A Study of Rural and Urban Populations in Telangana.

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## Abstract

Financial literacy serves as a cornerstone of sound financial decision-making and long-term economic well-being. Despite significant progress in financial inclusion initiatives across India, gender disparities persist in access to financial knowledge and participation in personal financial planning. This study investigates the gender dimensions of financial literacy and its impact on personal financial planning among rural and urban populations in Telangana. Using descriptive and analytical research design, data were collected from 400 respondents through structured questionnaires. The analysis employed descriptive statistics, t-tests, and regression models to examine relationships between financial literacy and financial behavior. Findings reveal that men exhibit higher financial literacy levels than women, with the disparity being more pronounced in rural areas. Financial literacy was found to significantly influence financial planning behavior across both genders and regions. The study concludes with recommendations for targeted financial literacy programs to bridge gender and geographical divides, thus promoting inclusive financial empowerment in Telangana.

**Keywords:** *Financial Literacy, Gender, Personal Financial Planning, Rural–Urban Divide, Telangana, Financial Inclusion.*

## 1. Introduction

Financial literacy is increasingly recognized as a critical skill in today's complex economic environment. It enables individuals to make informed choices regarding saving, borrowing, investing, and retirement planning. In India, the expansion of financial services, digital banking, and government schemes such as Jan Dhan Yojana and Digital India have improved financial access, yet disparities in financial knowledge remain—especially across gender and geographic lines. Women, particularly in rural areas, often have limited access to financial education and formal financial institutions, which restricts their ability to engage in effective financial planning. In contrast, urban populations tend to have higher exposure to financial products and digital financial systems. The state of Telangana presents a unique socio-economic profile that allows for the comparative study of these dynamics. This research explores how gender influences financial literacy and how literacy, in turn, affects personal financial planning behaviors in both rural and urban areas of Telangana.

## 2. Review of Literature

### 2.1 Financial Literacy and Financial Planning

Lusardi and Mitchell (2011) define financial literacy as 'the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being.' Empirical evidence (Klapper et al., 2015) indicates that financially literate individuals demonstrate better saving behavior and retirement preparedness.

### 2.2 Gender and Financial Literacy

Numerous studies report that women generally score lower on financial literacy assessments than men (OECD, 2016; Hung et al., 2012). Factors such as educational attainment, income level, and societal norms contribute to

this gender gap. However, when provided with focused financial education, women show rapid improvement in financial confidence and decision-making.

### 2.3 Rural–Urban Disparities

Rural populations often encounter structural barriers such as limited financial infrastructure, poor internet access, and low awareness of digital finance (RBI, 2020). Urban residents, while better connected, may face risks associated with overconfidence or lack of deep understanding of financial products.

### 2.4 Indian and Telangana Context

Government programs like Financial Literacy Centres (FLCs), NABARD initiatives, and SEBI Investor Awareness Campaigns have promoted financial inclusion nationwide. However, studies by NABARD (2021) and SEBI (2022) indicate that financial awareness among rural women in Telangana remains below the national average.

## 3. Research Methodology

The study adopts a descriptive and analytical design using both primary and secondary data sources.

### 3.1 Objectives

1. To assess the level of financial literacy among men and women in rural and urban Telangana.
2. To examine the relationship between financial literacy and personal financial planning.
3. To compare gender-based differences in financial literacy across rural and urban regions.
4. To identify challenges faced by women in achieving financial competence.

### 3.2 Hypotheses

- H<sub>1</sub>: There is a significant difference in financial literacy levels between men and women.
- H<sub>2</sub>: Financial literacy positively influences personal financial planning.
- H<sub>3</sub>: The impact of financial literacy on financial planning differs between rural and urban respondents.

### 3.3 Data Collection and Sampling

Primary data were collected using a structured questionnaire from 400 respondents (200 rural and 200 urban) across Telangana. A stratified random sampling method ensured representation by gender and geography. Secondary data were obtained from RBI, NABARD, and SEBI reports.

### 3.4 Tools of Analysis

Descriptive statistics, t-tests, chi-square tests, and regression analysis were used for data interpretation.

## 4. Data Analysis and Interpretation

Table 1: Demographic Profile of Respondents and Corresponding Mean Financial Literacy Levels

| Demographic Factor  | Category   | No. of Respondents | Percentage (%) | Mean Literacy Score (%) |
|---------------------|------------|--------------------|----------------|-------------------------|
| Area of Residence   | Urban      | 200                | 50             | 72                      |
| Area of Residence   | Rural      | 200                | 50             | 54                      |
| Gender              | Male       | 200                | 50             | 66.5                    |
| Gender              | Female     | 200                | 50             | 59                      |
| Urban – Gender-wise | Urban Male | 100                | 25             | 75                      |

|                        |               |     |      |    |
|------------------------|---------------|-----|------|----|
| Urban – Gender-wise    | Urban Female  | 100 | 25   | 68 |
| Rural – Gender-wise    | Rural Male    | 100 | 25   | 58 |
| Rural – Gender-wise    | Rural Female  | 100 | 25   | 50 |
| Age Group (Years)      | Below 30      | 120 | 30   | 70 |
| Age Group (Years)      | 31–45         | 160 | 40   | 64 |
| Age Group (Years)      | Above 45      | 120 | 30   | 56 |
| Education Level        | Secondary     | 80  | 20   | 52 |
| Education Level        | Graduate      | 200 | 50   | 68 |
| Education Level        | Postgraduate  | 120 | 30   | 74 |
| Occupation             | Students      | 100 | 25   | 65 |
| Occupation             | Salaried      | 150 | 37.5 | 72 |
| Occupation             | Self-Employed | 80  | 20   | 60 |
| Occupation             | Others        | 70  | 17.5 | 55 |
| Income Level (₹/month) | Below 20,000  | 120 | 30   | 54 |
| Income Level (₹/month) | 20,001–40,000 | 150 | 37.5 | 64 |
| Income Level (₹/month) | Above 40,000  | 130 | 32.5 | 73 |

Urban respondents recorded higher literacy scores (mean 72%) than rural respondents (mean 54%). By gender: Urban males 75%, Urban females 68%, Rural males 58%, Rural females 50%. Regression analysis showed a strong positive correlation ( $r = 0.68$ ,  $p < 0.01$ ) between financial literacy and financial planning, indicating that improved financial knowledge leads to better financial decisions.

### Interpretation of Financial Literacy and Financial Planning Data

#### 1. Interpreting Financial Literacy Scores

The results show that urban respondents possess a mean literacy score of 72%, whereas rural respondents average 54%, reflecting an 18-point difference. This substantial gap highlights how contextual and infrastructural factors shape financial understanding. Urban residents typically enjoy better access to educational institutions, financial service providers, and digital banking platforms. Exposure to diverse income sources, media campaigns, and online resources allows them to grasp financial concepts such as compound interest, credit management, and risk diversification more easily.

Conversely, rural populations face limited access to such opportunities. Many still depend on informal systems—moneylenders, community savings, or local credit groups—rather than formal institutions. While government-led programs like the Pradhan Mantri Jan Dhan Yojana (PMJDY) have extended financial access, comprehension of complex financial products remains limited. This indicates that financial inclusion has increased access but not necessarily understanding.

Therefore, the disparity between urban and rural scores mirrors not only differences in education but also variations in financial environment and exposure.

#### 2. Gender-Based Interpretation

The data further reveal gender-specific variations: Urban males: 75%, Urban females: 68%, Rural males: 58%, Rural females: 50%. These figures indicate that males outperform females across both geographic segments. The urban gender gap (7%) is marginally narrower than the rural one (8%), yet the pattern remains consistent. Several socio-cultural and structural factors explain this divide. Men are often the primary decision-makers in

financial matters, giving them more direct interaction with financial institutions. Women, particularly in rural areas, may have limited educational opportunities, lower labor force participation, and less exposure to formal banking. However, the narrower gender gap in urban contexts may reflect incremental progress in women's empowerment, greater educational attainment, and their growing presence in formal employment sectors. In contrast, rural women's involvement in microfinance and self-help groups, though valuable, has yet to translate into deeper financial literacy.

Hence, these results emphasize that gender differences in financial literacy are not merely educational but also socio-behavioral, rooted in cultural norms and access inequalities.

### 3. Relationship Between Financial Literacy and Financial Planning

The correlation coefficient of  $r = 0.68$  ( $p < 0.01$ ) reveals a statistically significant and strong positive association between financial literacy and financial planning. This means that as individuals' understanding of financial concepts increases, they are more likely to engage in systematic planning—budgeting, saving, investing, and preparing for future financial goals. Approximately 46% of the variance ( $r^2 = 0.4624$ ) in financial planning behavior can be attributed to literacy levels. This relationship reinforces the Knowledge–Behavior paradigm, which posits that information and awareness shape financial behavior. A literate individual is more likely to compare investment alternatives, monitor expenses, maintain emergency funds, and plan for retirement. Those with limited knowledge often rely on intuition or external influence, leading to suboptimal or impulsive decisions. In essence, financial literacy empowers individuals to transform knowledge into action, strengthening both personal and household financial stability.

### 4. Urban–Rural Interpretation of Planning Behavior

The observed literacy gap between urban and rural areas directly influences planning habits. In urban settings, respondents' higher literacy levels correspond to more structured and forward-looking financial behavior. Many maintain formal bank accounts, use digital payment tools, purchase insurance, and invest in mutual funds or retirement plans. Their exposure to organized financial ecosystems encourages habitual planning and disciplined saving. In rural contexts, lower literacy scores translate into fragmented or informal financial habits. Savings may take the form of gold, livestock, or cash reserves, rather than deposits or investments. The limited understanding of financial products restricts long-term planning, resulting in reactive financial management—responding to immediate needs rather than strategic goals. Thus, the rural–urban contrast reveals how knowledge acts as the foundation for behavioral transformation—those who understand financial systems tend to plan better and make sustainable financial decisions.

### 5. Behavioral Dimensions

Financial literacy not only improves comprehension but also enhances financial confidence and self-efficacy. Individuals with greater literacy are more likely to feel capable of making independent financial choices. This psychological confidence reduces financial anxiety, fosters proactive planning, and strengthens goal orientation. On the other hand, individuals with limited literacy often experience hesitation, confusion, or avoidance in managing money—leading to passive behavior and reliance on others. Therefore, literacy does more than transfer information; it cultivates a positive financial mindset that enables individuals to act with clarity and confidence.

### 6. Broader Socio-Economic Implications

The findings have far-reaching implications beyond individual financial behavior.

- a. **Economic Empowerment:** Financial literacy builds resilience, helping individuals safeguard against debt traps and exploitative lending. It enables them to leverage government schemes, insurance, and investment tools effectively.
- b. **Gender Equity:** Reducing the gender gap in financial knowledge empowers women to contribute equally to household and community financial decisions, fostering inclusive economic development.
- c. **Inclusive Financial Growth:** Strengthening literacy in rural areas promotes balanced development, ensuring that financial reforms and digital innovations benefit all segments of society.
- d. **Policy Relevance:** The strong positive correlation confirms that investments in financial education yield measurable behavioral outcomes. Integrating literacy initiatives into educational curricula and community programs can improve planning, saving, and investment rates, contributing to macroeconomic stability.

7. Role of Education and Digital Platforms

Education and technology are powerful enablers of financial awareness. Introducing financial literacy modules at school and college levels can nurture responsible financial behavior from an early age. Furthermore, digital learning tools, mobile apps, and social media campaigns can extend outreach to rural and semi-urban populations. Fintech innovations can simplify complex concepts through interactive learning and gamified applications. By leveraging digital technology, policymakers can create an ecosystem where financial learning becomes continuous, accessible, and engaging.

8. Observation:

- In both urban and rural areas, males score higher than females.
- Gender disparity is more pronounced in rural areas (8-point difference in urban vs. 8-point difference in rural).

## Correlation with Financial Planning

- Regression analysis shows strong positive correlation between financial literacy and financial planning:  
○  $r = 0.68, p < 0.01$
- Interpretation: Individuals with higher financial literacy are significantly more likely to engage in effective financial planning

Table 2: Financial Literacy Patterns by Demographic Category and Gender in Telangana

| Demographic Group   | Subgroup                | No. of Respondents | Mean Literacy Score (%) | Remarks                                                                                                                 |
|---------------------|-------------------------|--------------------|-------------------------|-------------------------------------------------------------------------------------------------------------------------|
| Urban               | Total Urban Respondents | 200                | 72                      | Higher overall literacy than rural                                                                                      |
| Urban               | Gender: Male            | 100                | 75                      | Highest literacy score                                                                                                  |
| Urban               | Gender: Female          | 100                | 68                      | Moderate literacy level                                                                                                 |
| Rural               | Total Rural Respondents | 200                | 54                      | Lower overall literacy than urban                                                                                       |
| Rural               | Gender: Male            | 100                | 58                      | Lower-middle literacy                                                                                                   |
| Rural               | Gender: Female          | 100                | 50                      | Lowest literacy score                                                                                                   |
| Statistical Summary | Total Respondents       | 400                | --                      | Regression shows strong positive correlation ( $r = 0.68, p < 0.01$ ) between financial literacy and financial planning |

Table 3: Chi square Table

Objective: To determine whether there is a significant association between demographic groups (Urban/Rural and Gender) and financial literacy levels among respondents.

## Hypotheses

- Null Hypothesis ( $H_0$ ): There is no significant association between demographic group (urban/rural and gender) and financial literacy level.
- Alternative Hypothesis ( $H_1$ ): There is a significant association between demographic group and financial literacy level.

| Group                      | High $(O-E)^2/E$             | Moderate $(O-E)^2/E$         | Low $(O-E)^2/E$        | $\chi^2$ Contribution (Row Total) |
|----------------------------|------------------------------|------------------------------|------------------------|-----------------------------------|
| Urban Male                 | $(70-28.75)^2/28.75 = 57.98$ | $(25-31.25)^2/31.25 = 1.25$  | $(5-40)^2/40 = 30.63$  | 89.86                             |
| Urban Female               | $(30-28.75)^2/28.75 = 0.05$  | $(50-31.25)^2/31.25 = 11.26$ | $(20-40)^2/40 = 10.00$ | 21.31                             |
| Rural Male                 | $(10-28.75)^2/28.75 = 12.23$ | $(30-31.25)^2/31.25 = 0.05$  | $(60-40)^2/40 = 10.00$ | 22.28                             |
| Rural Female               | $(5-28.75)^2/28.75 = 19.66$  | $(20-31.25)^2/31.25 = 4.05$  | $(75-40)^2/40 = 30.63$ | 54.34                             |
| Column Totals ( $\chi^2$ ) | 89.92                        | 16.61                        | 81.26                  | 187.79                            |

Chi-square calculated = 187.8 > Chi-square critical = 12.59 → Reject  $H_0$

There is a significant association between demographic characteristics (urban/rural and gender) and financial literacy levels.

Urban respondents, especially males, show significantly higher literacy compared to rural groups.

Rural females have the lowest literacy, suggesting educational and informational gaps.

The large  $\chi^2$  value indicates that area of residence and gender are key determinants of financial literacy.

## 5. Findings and Conclusion

### 5.1 Major Findings

- Gender and geographic disparities exist in financial literacy levels in Telangana.
- Financial literacy has a significant and positive impact on personal financial planning.
- Urban populations are more financially aware and active than rural populations.
- Rural women are the most financially excluded group due to social and educational barriers.

### 5.2 Recommendations

- Implement targeted financial literacy programs for women through SHGs, NGOs, and local banks.
- Promote digital financial education in rural areas to increase inclusion.
- Integrate financial literacy in school and college curricula to build early awareness.
- Encourage public-private partnerships for community-level financial education campaigns.

### 5.3 Conclusion

Gender plays a pivotal role in financial decision-making and personal financial planning. The results underscore the need for inclusive strategies that empower women with the knowledge and skills necessary for effective

financial management. Bridging the gender and rural–urban gaps in financial literacy is essential for achieving equitable economic growth and financial inclusion in Telangana.

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