



Financial Literacy Status of Scheduled Castes in Chhatrapati Sambhajnagar District

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Abstract – This study examines the status of financial literacy among Scheduled Castes in Chhatrapati Sambhajnagar district. Although the district is historically, culturally, and educationally developed, significant gaps exist in financial awareness, especially among socially and economically weaker sections. The study is based on both primary and secondary data, with primary data collected from 470 respondents through a structured questionnaire. The findings reveal that while some respondents have basic knowledge of financial concepts like income planning and expense management, awareness about advanced aspects such as investment, insurance, digital finance, and banking regulations remains limited. A considerable proportion of respondents lack clear understanding of key institutions like the Reserve Bank of India (RBI) and its policies. Many respondents depend on banks and educational institutions for financial information, but a significant number still remain unaware or rely on informal sources. The study also highlights major challenges such as lack of proper financial education, limited access to reliable information, digital illiteracy, and socio-cultural barriers. These factors directly affect financial decision-making, savings behavior, and overall economic progress. Based on the findings, the study suggests various measures, including the active involvement of educational institutions, awareness campaigns by banks, use of digital and social media, and coordinated efforts by government and non-government organizations to improve financial literacy. Overall, the study concludes that improving financial literacy is essential for enhancing financial inclusion, empowering individuals, and ensuring sustainable economic development.

Keywords: Financial Literacy, Scheduled Castes, Banking Awareness, Financial Inclusion Economic Decision-Making.

I. INTRODUCTION

Chhatrapati Sambhajnagar district has been historically and culturally rich since ancient times. World heritage sites like Ajanta and Ellora caves, Pitalkhora caves, and monuments like Bibi Ka Maqbara reflect its glorious past. Along with its historical importance, the district has now emerged as an educational center and is developing rapidly due to growth in agriculture, small and medium industries, trade, and communication.

Although the district is advanced in terms of history and education, there is significant diversity in its economic conditions. Especially among Scheduled Castes, even though the level of education is increasing, financial literacy is still relatively low due to limited access to financial resources and banking services. Because of this lack of financial literacy, people often make mistakes in important financial decisions like saving, borrowing, insurance, and investment, which directly affects their economic progress.

With this background, the topic “Financial Literacy Status of Scheduled Castes in Chhatrapati Sambhajnagar District” has been selected for study. This research mainly focuses on the economic condition of individuals from Scheduled Castes, their knowledge of banking, saving habits, understanding of investment, financial planning, and awareness about protection from financial fraud.

The Marathwada region is known as the “land of saints.” Great saints like Sant Dnyaneshwar, Sant Namdev, Nivruttinath, Sopan Dev, Muktabai, Sant Eknath, Sant

Chokhamela, Sant Gora Kumbhar, and Sant Janabai spread the message of equality, brotherhood, and humanity in this region. The samadhi of Guru Gobind Singh at Nanded and religious places like Aundha Nagnath and Paithan highlight the spiritual importance of this area.

Historically, this region was under the rule of the Nizam for a long time. The local people strongly resisted the dictatorship of the Nizam and the oppression of the Razakars. Finally, on 17 September 1948, through the Hyderabad Liberation Movement, the region became free and was integrated into India. Later, on 1 November 1956, Marathwada was included in the Bombay State, and from 1 May 1960, it became an integral part of Maharashtra.

Meaning and Definition of Financial Literacy

What is financial literacy?

Financial literacy is not just about saving money. It is the ability and knowledge to use available financial resources wisely to secure the future. It includes understanding financial matters like banking transactions, investments, insurance, tax planning, and managing loans.

Different experts and institutions have defined financial literacy as follows:

- Atkinson and Messy (2012): Financial literacy is a combination of financial awareness, knowledge, skills, attitude, and behavior that helps people make the right financial decisions and achieve personal financial well-being.
- Noctor, Stoney, and Stradling: Financial literacy means having the ability to make effective decisions about managing money and carrying out important financial transactions.



- Servon L. J. and Kaestner R.: Financial literacy is the ability to use financial concepts in daily life and make proper financial decisions.

Major Challenges in Financial Literacy

There are many social, economic, and technical challenges in improving financial literacy. Some of the main difficulties are as follows:

- **Lack of educational resources:** Many small investors in rural areas do not get reliable and easy-to-understand financial education. Even if information is available, there is a lack of proper study material and guidance to understand it.
- **Limited knowledge of investment options:** Most people are still more familiar with traditional investment options like gold or fixed deposits. However, they have very little knowledge about modern financial options like shares, mutual funds, bonds, ETFs, and derivatives.
- **Complexity of financial products:** The technical and complicated language used to explain financial schemes often confuses common people. Due to complex terms and conditions, many people hesitate to take risks and stay away from financial activities like the stock market.
- **Technical barriers and digital literacy:** Nowadays, most banking and financial services are digital. However, due to fear of cyber fraud and lack of technical skills, people in rural and semi-urban areas hesitate to use online services.
- **Cultural and psychological barriers:** There is still a lack of trust in financial institutions in society. Many people prefer to save money at home or use informal methods (like chit funds). Also, the habit of spending more than investing is a major barrier to financial progress.

Literacy of Scheduled Castes in Chhatrapati Sambhajnagar District (As per Census 2011)

According to the 2011 Census, the literacy rate among Scheduled Castes (SC) in Chhatrapati Sambhajnagar district shows a clear gap between rural–urban areas and between men and women. The key findings are as follows:

- **Rural–Urban Gap:** In rural areas, the literacy rate of Scheduled Castes was around 69%, while in urban areas it was recorded at more than 76%. This shows that educational opportunities are better in urban areas.
- **Male–Female Literacy Rate:** In all areas, male literacy was higher than female literacy. In rural areas, male literacy was about 72%, while female literacy was only around 57%.

Taluka-wise Situation

- **Developed Talukas:** Vaijapur, Gangapur, and Chhatrapati Sambhajnagar city were ahead in terms of literacy.
- **Backward Talukas:** Khultabad, Phulambri, and Sillod had comparatively lower literacy rates. Especially in

Sillod and Phulambri, female literacy was very low and a matter of concern

- **Urban Area Situation:** In Chhatrapati Sambhajnagar city, female literacy is better compared to rural areas, and the gap between male and female literacy is relatively smaller.

Objectives of the Study

The following objectives have been set for this research:

- To study the current level of financial literacy among Scheduled Caste citizens in Chhatrapati Sambhajnagar district.
- To analyze the use of banking and financial services.
- To identify the barriers to financial literacy.
- To suggest measures to improve financial literacy.

II. DATA COLLECTION

To complete this research, the required information was collected from both primary and secondary sources:

- **Primary Data:** The researcher collected data through direct fieldwork. A sample of 470 respondents from Chhatrapati Sambhajnagar district was selected. Detailed information related to financial literacy was gathered from them using a structured questionnaire.
- **Secondary Data:** To strengthen the theoretical base of the research, various reference books, research papers, government reports (such as Census 2011), banking reports, magazines, and official websites on the internet were used.

1. Regulatory and Supervisory Mechanism of Banking Sector in India

The banking system is considered the backbone of any country’s economy because it is impossible to imagine the development of a modern economy without a strong banking system. Banks play a very important role in overall development, promoting investment, and fulfilling the financial needs of common people. However, to ensure that this financial system works transparently and to prevent financial irregularities, strong regulatory control over these institutions is necessary. For this purpose, the Reserve Bank of India (RBI) acts as the central bank in India. It regulates all nationalized, private, cooperative, and regional rural banks in the country.

In this research, special focus has been given to studying the regulatory system of banks and the guidelines issued by the RBI.

Table No. 1: Opinion on Regulatory Control over Banks

Sr. No.	Regulatory Authority / Control	Frequency	Percentage (%)
1	Reserve Bank of India (RBI)	163	45.3
2	Central Government	56	15.6
3	State Government	34	9.4
4	Not Aware	107	29.7
	Total	360	100.0



After analyzing the above statistical data, it is observed that the highest number of respondents, 163 (45.3%), believe that banks are controlled by the Reserve Bank of India (RBI). The RBI plays an important role as the “bank of banks.” Its main functions include providing credit to banks, deciding monetary policy, and maintaining effective control over the banking system. On the other hand, 56 respondents (15.6%) believe that the Central Government controls banks. This shows that many respondents are confused about the roles of the Central Government and the RBI. Although the Central Government has the authority to give directions to the RBI in public interest under the Banking Regulation Act, 1949 (Section 7), the day-to-day regulation and technical control of banks are mainly carried out by the RBI. About 34 respondents (9.4%) believe that the State Government controls banks. This belief may be related to cooperative banks. However, the most concerning point is that 107 respondents (29.7%) have no knowledge about who controls banks. This lack of awareness among nearly 30% of people is a serious issue from the perspective of financial literacy.

2. Relationship between Banks and the Reserve Bank of India (RBI)

The Reserve Bank of India (RBI) is the central bank of the country and acts as the top regulatory authority for the entire banking system. The relationship between the RBI and other banks is like that of a guide and a strict supervisor. Just like a school principal sets rules, discipline, and policies for the whole school, the RBI sets rules and guidelines for all banks and ensures that they are properly followed. Commercial banks are required to keep a certain portion of their funds with the RBI, and during difficult times, the RBI provides financial support to them. That is why it is called the “bank of banks” and the “lender of last resort.”

To ensure that people’s hard-earned money remains safe in banks, the RBI closely monitors banking activities and maintains financial discipline. In simple terms, the RBI guides banks, and banks follow its directions to support and grow the country’s economy.

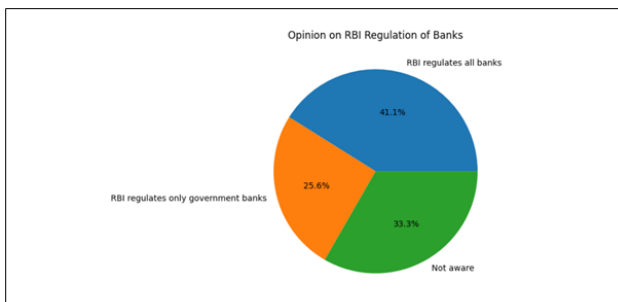


Figure No. 1: Analysis of the Relationship between Banks and the Reserve Bank of India

Based on the responses of the respondents regarding the regulatory relationship between banks and the Reserve Bank of India (RBI), it is observed that 41.1% believe that

the RBI regulates all banks, which shows a somewhat satisfactory level of awareness. However, 25.6% of respondents think that the RBI regulates only government banks, indicating incomplete or incorrect understanding of the regulatory system. Importantly, 33.3% of respondents have no knowledge about this relationship, which highlights a significant gap in financial literacy. This clearly shows that a large section of the population in the district still lacks proper awareness about the full role of the RBI.

To bridge this gap, it is necessary to promote financial literacy and financial inclusion through effective use of schools, colleges, and social media, so that every citizen becomes aware of their financial rights and the financial system.

3. Various Banking Initiatives under the Reserve Bank of India (RBI)

The Reserve Bank of India (RBI) plays a very important role in maintaining the stability of the Indian economy, ensuring smooth banking operations, and building public trust in the financial system. The RBI not only issues currency but also supervises the entire banking sector, frames rules, and ensures strict regulation and control. Under the RBI, several important banking initiatives are carried out, such as setting monetary policy, managing currency, issuing licenses to banks, and promoting financial inclusion.

In this study, an analysis of the current status of various banking initiatives implemented in the district as per RBI guidelines has been conducted. This has brought forward important insights about the efficiency and functioning of the local banking system.

Table No. 2: Awareness about Initiatives under the Reserve Bank of India (RBI)

Sr. No.	Response (Are you aware?)	Frequency	Percentage (%)
1	Yes	189	52.5
2	No	171	47.5
	Total	360	100.0

Based on the current status of respondents’ awareness about various initiatives of the Reserve Bank of India (RBI), 189 respondents (52.5%) have stated that they are aware of these initiatives. However, 171 respondents (47.5%) reported that they have no knowledge about these important initiatives. This data clearly shows that many respondents do not easily get access to such information, or they find it difficult to understand due to its technical nature. Additionally, difficulties in using internet services and understanding online information also create barriers in the spread of awareness. Moreover, limitations in effectively communicating this information by banks and government authorities result in a large number of people remaining unaware of these initiatives. Therefore, it is evident that stronger and more effective efforts are needed



to widely spread awareness about these public welfare initiatives of the RBI.

4. Awareness about Policies of the Reserve Bank of India (RBI)

The Reserve Bank of India (RBI) plays a very important role in regulating the Indian economy, stabilizing the value of the rupee, and controlling inflation. The RBI not only issues currency but also supervises the entire banking system and ensures that banking services are easily available to common people. The RBI's monetary policy has a direct impact on people's daily expenses, savings, and loan interest rates. For example, when the RBI increases the repo rate, loans become more expensive and the flow of credit in the market reduces. On the other hand, when the repo rate is reduced, loans become cheaper, which helps in boosting economic activity. Similarly, by increasing interest rates on deposits, banks encourage saving and help control liquidity in the market. From supporting banks during financial difficulties to managing digital payment systems, the RBI plays the role of a "guardian" of the economy.

In this study, a detailed analysis has been carried out on the awareness of people in the district about these RBI policies and their impact on their financial lives.

Table No. 3: Awareness of Respondents about Various Policies of the Reserve Bank of India

Sr. No.	Bank Policy	Frequency	Percentage (%)
1	Bank Rate	104	28.9
2	Currency Management	115	31.9
3	Financial Inclusion	40	11.1
4	Digital Currency	17	4.7
5	No Awareness	84	23.3
	Total	360	100.0

After analyzing the responses of respondents regarding various policies of the Reserve Bank of India (RBI), it is observed that 104 respondents (28.9%) are aware of the "bank rate" policy. This shows a basic understanding of how changes in interest rates affect loans and investments. Awareness about currency management was found among 115 respondents (31.9%), which indicates a positive understanding of inflation control and monetary decisions. However, knowledge about modern financial concepts such as financial inclusion (11.1%) and digital currency (4.7%) is very limited among respondents, highlighting a gap in the spread of new financial initiatives in the changing economic system.

Importantly, 84 respondents (23.3%) have no knowledge of any policy, which clearly shows a significant gap in financial literacy. This indicates the need for wider awareness efforts in the district regarding modern financial services and the technical policies of the RBI.

5. Understanding of Financial Literacy

Financial literacy is not just about knowing financial terms, but about being aware of how wisely and thoughtfully we handle our financial activities. It depends on how effectively a person makes everyday decisions like earning, spending, saving, and borrowing money when needed. It includes the ability to manage money properly using financial skills—such as preparing a budget, understanding the importance of saving, knowing different investment options, and managing loans and insurance wisely. Developing these abilities is what financial literacy truly means.

This knowledge not only helps in achieving financial stability but also protects individuals from possible financial fraud and helps secure their future.

In this study, a detailed analysis has been carried out to understand how well people in the district understand the concept of financial literacy and how it affects their actual financial behavior.

Table No. 4: Understanding of the Concept of 'Financial Literacy

Sr. No.	Type of Response	Frequency	Percentage (%)
1	Aware of financial literacy	126	35.0
2	Not aware of financial literacy	161	44.7
3	Heard about it, but not clearly aware	73	20.3
	Total	360	100.0

Based on the responses of the respondents in the district, it is observed that only 126 (35%) respondents have a clear understanding of the concept of financial literacy. On the other hand, 161 respondents (44.7%) stated that they have no knowledge about this concept at all. Additionally, 73 respondents (20.3%) have heard the term but do not clearly understand its technical aspects or meaning. Overall, the analysis shows that more than 65% of respondents do not have proper and clear knowledge about financial literacy. From a research perspective, this is very important because a lack of financial literacy directly affects a person's financial habits, savings, investments, loan management, and overall decision-making ability in a negative way.

Therefore, this finding clearly highlights the need to promote financial literacy to improve the quality of financial decisions among these groups.

Components of Financial Literacy

Financial literacy includes several important components that are essential for a person's overall financial growth. These components directly influence a person's ability to make sound financial decisions. For example, preparing a budget helps control unnecessary expenses and encourages



spending only on essential goods and services. Saving money makes it easier to meet future financial needs, while proper investment helps in wealth creation and earning more money from money. Good loan management skills help in understanding loan duration, interest rates, and monthly installments, which can reduce the burden of debt and prevent unnecessary borrowing. Similarly, insurance is an important tool that provides financial protection against unexpected events. Choosing the right insurance can help avoid major financial losses during situations like illness or accidents.

In short, understanding these components of financial literacy enables a person to make more responsible and well-informed financial decisions.

Table No. 5: Awareness of Respondents about Various Components of Financial Literacy

Sr. No.	Components of Financial Literacy	Frequency	Percentage (%)
1	Income Planning	129	35.8
2	Expense Management	66	18.3
3	Saving and Investment	44	12.2
4	Loan Management	49	13.6
5	Insurance and Retirement Planning	31	8.6
6	All of the Above	23	6.4
7	Not Aware	18	5.0
	Total	360	100.0

Based on the responses from the district regarding different components of financial literacy, it is observed that the highest proportion of respondents (35.8%) are aware of income planning, which shows that people are familiar with basic financial planning. About 18.3% of respondents are aware of expense management, while only 12.2% have knowledge about saving and investment. Around 13.6% of respondents understand loan management, and only 8.6% are aware of future-oriented aspects like insurance and retirement planning, which is quite low. Importantly, only 6.4% of respondents have knowledge of all the components of financial literacy, and 5% have no knowledge of any component.

This data clearly shows that financial literacy among respondents is mainly limited to short-term aspects like income and expenses. However, understanding of broader and long-term financial aspects such as investment, risk management, and wealth creation is still inadequate.

Awareness of Financial Literacy

Financial literacy is the ability to properly manage the entire cycle of income earned through hard work, spending, saving the remaining amount, and taking loans when needed to meet daily needs. It is not just about calculations, but about having the ability to think wisely about money. It includes understanding sources of income, managing expenses effectively, knowing the importance of saving, understanding investment opportunities, and taking

proper precautions while borrowing money. Having this scientific approach to handling money is very important for a person's financial stability.

Financial literacy gives a safe and clear direction to life and helps in securing the future. In this study, a detailed analysis has been done to understand how much people in the district are aware of financial literacy and how it affects their financial decision-making ability.

Table No. 6: Sources of Information for Financial Literacy

Sr. No.	Source of Information	Frequency	Percentage (%)
1	School / College	81	22.5
2	Banks / Financial Institutions	104	28.9
3	Social Media	38	10.6
4	Friends / Relatives	37	10.3
5	Self-study	74	20.6
6	No Information	26	7.2
	Total	360	100.0

Based on the responses from the district regarding sources of financial literacy information, 81 respondents (22.5%) mentioned schools or colleges, showing that educational institutions play an important role, though their reach is still not fully inclusive. The highest number, 104 respondents (28.9%), receive information from banks and financial institutions, indicating that formal financial systems play a major role in spreading awareness. About 38 respondents (10.6%) get information through social media, while 37 (10.3%) rely on friends or relatives. Although these informal sources are important, the accuracy and reliability of such information need to be verified. Notably, 74 respondents (20.6%) gain knowledge through self-study, which reflects the growing use of digital platforms and reading materials. However, 26 respondents (7.2%) reported that they do not receive any information from any source, which is a matter of concern from the perspective of financial inclusion.

Measures to Improve Financial Literacy

Based on the findings of the study, the following measures are suggested to increase the level of financial literacy in the district:

- **Role of Educational Institutions:** Especially commerce colleges should organize regular camps, expert lectures, and workshops to spread financial awareness in urban and semi-urban areas.
- **Inclusive Financial Education:** Basic knowledge about daily financial transactions, saving, and investment should be provided in simple language to people from all sections of society in both rural and urban areas.
- **Family-Level Awareness:** To build strong financial habits, parents should teach children from an early age about the importance of money, saving habits, and controlled spending.



- Development of Study Material: Colleges should create and distribute informative booklets and practical guides on financial literacy among citizens.
- Insurance Awareness: People should be made aware that insurance is not just for risk management but also acts as a financial safety cover for the future for all age groups.
- Public Awareness Campaigns: Banks should promote awareness by displaying informative posters in bank premises, bus stands, railway stations, and other public places.
- Institutional Coordination: Social organizations and NGOs should work together to organize programs for spreading financial awareness.
- Role of Bank Employees: Bank staff should guide every customer—especially those from rural areas and with low literacy—about banking transactions and services in a simple and helpful way.
- Effective Use of Media: Along with formal methods, social media and digital tools should be used creatively and effectively to spread financial literacy among people at the grassroots level.

III. CONCLUSION

The study of financial literacy among Scheduled Castes (SCs) in Chhatrapati Sambhajnagar District reveals a mixed scenario characterized by gradual progress alongside persistent structural challenges.

Overall, financial literacy levels among SC communities remain moderate to low, largely influenced by socio-economic disadvantages such as lower income levels, limited access to quality education, and restricted exposure to formal financial systems. Despite the district having a relatively decent overall literacy rate (around 79%) and a significant SC population (over 5.39 lakh), awareness about banking services, savings instruments, insurance, and investment options is still not widespread within these communities.

Many individuals rely on traditional and informal financial practices, and there is limited understanding of modern financial tools like digital payments, credit management, and government-backed financial schemes. Gender disparities are also evident, with SC women often exhibiting lower financial awareness due to educational and social constraints.

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