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## A STUDY OF THE FINANCIAL LITERACY OF LOCAL FARMERS IN RURAL INDIA

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### ABSTRACT

A study conducted by the Punjab Agriculture University (PAU) revealed that 88% of farmer suicides in the past 18 years in Punjab were due to farmer debt. Farmer debt is a phenomenon that has been rising year over year, leading to financial problems and creating stress for farmers. Financial literacy is crucial and can play a huge role in helping farmers manage their finances, manage their loans and so reduce their debt. This could also help them come out of the vicious cycle of poverty, as with better savings they'll be able to support their children better.

### Objective

- This study aims to gauge the current level of financial literacy in farmers living in rural regions of India
- It aims to understand and look into what factors of effective financial management are most prominent in farmers.
- The study will try to understand what different methods or measures should be used, and for what all reasons, to improve levels of financial literacy
- It would explore the benefit of different government schemes in providing aid to farmers

**KEYWORDS:** Farmer debt, financial literacy, rural India

### OVERVIEW

- To finance their ever-increasing land rent and costs, and the cost of machinery and fertilizers, farmers often take loans from their landlords or other lending institutions
- However, owing to the extremely small margins received by them, they are often left struggling to pay back their lenders
- This leads to a lot of financial crises for them
- It is important to teach farmers effective financial management

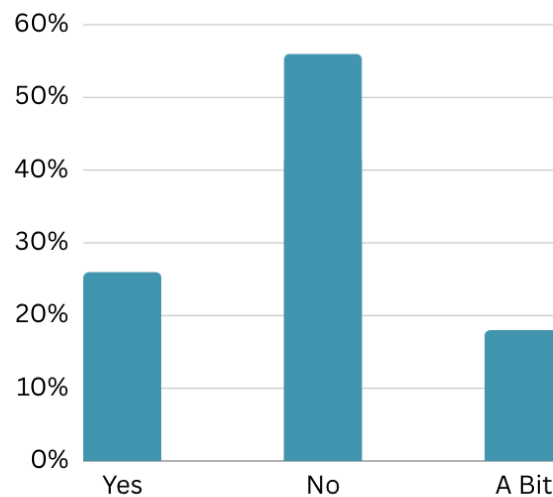
### METHODOLOGY

- Research type: Qualitative research
- Conducted through surveys

- Questionnaire: (Attached at the end of the paper)
- Region: Rural regions across India
- Target audience: Farmers or those engaged in farming activities in small villages
- Sample size: 48 farmers (43 Male | 5 Female)

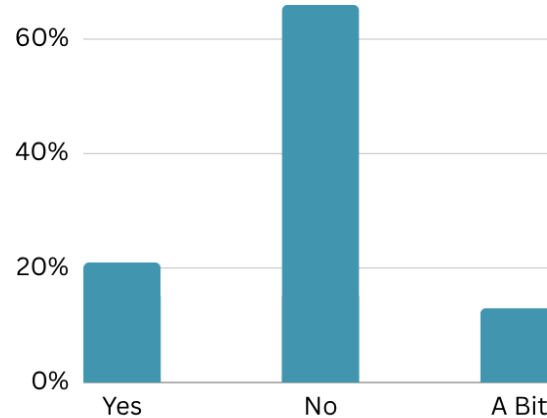
## FINDINGS

### Do you feel you know how to save your earnings properly and effectively?



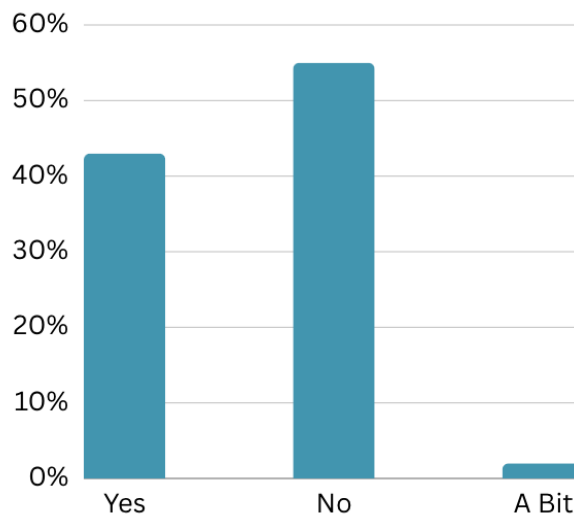
Only 28% of respondents stated that they feel they are able to manage their earnings properly and effectively.

**Do you feel you know how to manage your debt?**



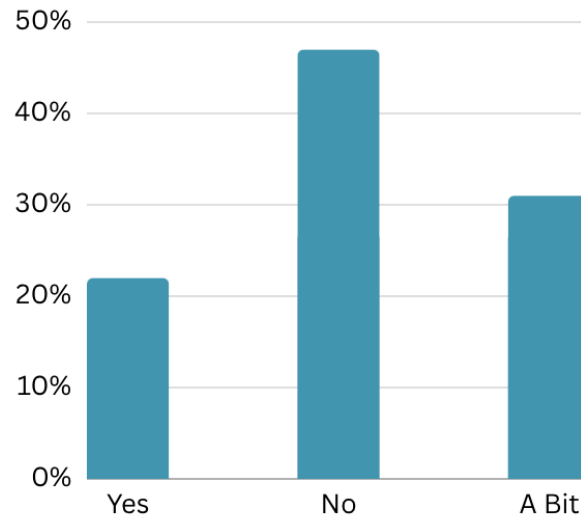
Only 21% of respondents believed that they are able to manage their debt effectively.

**Do you know about the existing schemes of the government?**



Only 43% of the respondents know about existing government schemes to help with financial management.

### Do you think the existing schemes have helped you?



Only 22% of the respondents stated that they feel that the existing government schemes have helped them.

### CONCLUSION

- The level of financial literacy is low amongst farmers
- Most farmers didn't feel confidence in being able to manage their finances
- Most of the farmers believe that getting taught the different ways of financial management would help them
- Respondents feel like they would like workshops/ schemes to help them with:
  - How to increase the number of income streams
  - What to do with the profits they earn
  - How to deal with excessive debt
  - When to take a loan
  - Alternatives to banks for loans
  - Knowledge about government initiatives

However, it is also important to note that this study is based on the answers and opinions of a small fraction of the target audience, and therefore might not be a totally accurate representation of general opinions.

## SUGGESTIONS

- Financial companies such as microfinance banks or other traditional institutions should try to reach out to farmers to alert them about their policies
- The existing government schemes should be advertised more often in rural regions via newspapers to inform the farmers about the options they have to receive support and aid
- Financial literacy workshops should be conducted in small groups with farmers

## Questions asked in the survey

1. Kya aap apne vittiya saksharta, aur vittiya prabandhan se santusht hain?  
(Are you satisfied with your financial literacy, and financial management?)
2. Kya aapako lagata hai ki aap apni kamaee ko uchit aur prabhavese dhang se bachana jaanate hain?  
(Do you think you know how to save your earnings properly and effectively?)
3. Kya aapako lagata hai ki aap apane karz ka prabandhan karna jante hain?  
(Do you think you know how to manage your debt?)
4. Kya aap sarkar ki pahlon ke baare me jagruk hain?  
(Are you aware of the initiatives of the government?)
5. Aapke anusaar sarkar ki pahlon ne aapki madad ki hain?  
(According to you the initiatives of the government have helped you?)
6. Aapko aur kaunsi cheeze madad kar sakti hain?  
(What other things might help you?)
7. Aap sarkaar ki taraf se aur kya madad chahte hain?  
(What other help do you want from the government?)
8. Kya aapke paas khud ka bank account hain?  
(Do you have your own bank account?)
9. Aap vittiya saksharta par kaaryashalaen me bhag lena chahenge?  
(Would you like to attend workshops on financial literacy?)
10. Aap kin madhyamon se khabren padhte hain?  
(What mediums do you use for news?)



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