



Research Article

ASSESSING FARMERS' AWARENESS OF TRADITIONAL AND ADVANCED FINANCIAL CONCEPTS: EVIDENCE FROM SELECTED DISTRICTS OF SAURASHTRA

Author: Dr. Kailash Naghera^{1*}, Dr. Vipul Sundavadara

¹ Faculty of Management and Commerce, Noble University, Bamangam, Gujarat, 362310

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CORRESPONDING AUTHOR

Dr. Kailash Naghera

kailashnaghera26@gmail.com

ABSTRACT

Financial awareness is becoming increasingly important for farmers as they come into contact with a wider range of banking, investment, insurance and digital financial services. This study examines farmers' awareness of traditional and modern financial concepts and compares their level of awareness across these two areas. Primary data were collected from 767 farmers through a structured questionnaire. The study covered 33 financial concepts, comprising 13 traditional concepts and 20 modern or advanced concepts. Traditional concepts included inflation, risk, return, interest, holding period, KYC, annuity and basic banking terms, while the modern group covered digital banking and payments, mutual fund concepts, capital-market terms and insurance-related concepts. A binary scoring method was used to measure awareness, and separate percentage scores were calculated for the two groups. Descriptive statistics and a paired-samples t-test were used to analyse the data. The results show that farmers had a higher level of awareness of traditional financial concepts, with a mean score of 50.34%, compared with 21.55% for modern financial concepts. The difference between the two scores was statistically significant, and the relationship between traditional and modern financial awareness was also positive and significant. The findings suggest that although farmers have a reasonable familiarity with conventional financial concepts, their understanding of modern and specialised financial concepts remains limited. The study therefore highlights the need for financial education initiatives that go beyond basic financial knowledge and focus more on modern financial products, digital financial services and market-related concepts.

INTRODUCTION

Financial awareness is becoming increasingly relevant for farmers because financial decisions today involve much more than saving money or taking loans. Farmers need to understand basic concepts such as interest, inflation, risk and return, while also having some knowledge of newer financial products and services. Traditional financial concepts generally relate to savings, bank deposits, interest, loans, insurance and basic risk management, which are commonly used in day-to-day financial activities. Modern or advanced concepts, on the other hand, include mutual funds, shares, diversification, market-linked investments, pension products and digital financial services. With the growing range of financial products available to rural households, it is important to understand how far farmers are familiar with both conventional and newer financial concepts. Such an assessment can also help identify areas where financial education is required (OECD, 2020; OECD, 2024).

The financial position of rural households in India has shown improvement in recent years. According to the NABARD All India Rural Financial Inclusion Survey (NAFIS) 2021–22, which covered around one lakh rural households, average annual financial savings increased from ₹9,104 in 2016–17 to ₹13,209 in 2021–22. The share of households reporting financial savings also increased from 50.6% to 66.0% during the same period (NABARD, 2024). A similar improvement was observed in financial literacy. The proportion of respondents meeting the survey's financial literacy benchmark increased from 33.9% to 51.3%, while sound financial behaviour rose from 56.4% to 72.8% (NABARD, 2024). Despite this progress, a considerable proportion of the population still remains outside the financial literacy benchmark, making financial awareness among farmers an area that deserves further attention.

The range of financial services available to rural households has also expanded. The Reserve Bank of India reported an increase in the Financial Inclusion Index from 60.1 in March 2023 to 64.2 in March 2024, reflecting improvement in access, usage and quality of financial services. By March 2025, 2,421 Centres for Financial Literacy had been established across the country (RBI, 2025). Farmers are therefore increasingly exposed to both conventional financial services and newer digital and market-based products. This changing financial environment makes it necessary to examine whether their financial knowledge has developed along with their access to these services.

Against this background, the present study examines farmers' awareness of traditional and advanced financial concepts across the selected districts of Saurashtra. The study does not restrict financial awareness to knowledge of investment avenues; instead, it covers a broader set of financial concepts relevant to everyday financial decisions. A district-wise comparison is also made to identify differences in awareness among the study areas. The findings may help in identifying specific gaps in financial knowledge and provide useful guidance to financial institutions and other organisations working to improve financial awareness among rural communities.

Literature Review

Financial literacy is increasingly recognised as an important factor in farmers' financial decision-making. It influences how they understand financial products, manage their money and deal with financial risks. A review of studies on farmers' financial literacy found that gaps in financial knowledge continue to exist among farming communities. The review also pointed to the importance of financial education and the role of institutions and farmer-oriented organisations in improving access to formal financial services (Anjana et al., 2024).

Evidence from Karnataka also points to differences in farmers' financial literacy. A study conducted in Kalaburagi reported that 29% of farmers had high financial literacy, 32% had moderate literacy and 39% had low literacy. The study used an OECD-based financial knowledge index and examined its relationship with financial management among farmers. The findings suggest that strengthening farmers' understanding of financial concepts remains important for improving their financial decisions (Hiremath et al., 2024).

Similar findings have been reported from Punjab. A study covering 400 farmers from three districts found

that 47.5% of respondents had low financial literacy, while 20% and 32.5% had moderate and high levels, respectively. The study found relatively better performance in financial knowledge and behaviour, whereas financial attitude was comparatively weaker. Differences in financial literacy were also associated with factors such as age, education, income and landholding size (Vikas & Naik, 2025).

Financial knowledge alone may not always be sufficient to encourage farmers to use formal financial services. Research involving 400 farmers in Punjab found that financial confidence played an important role in the relationship between financial knowledge and access to financial services. The study reported that financial confidence accounted for 26.23% of the total effect of financial knowledge on financial-service access. This suggests that farmers need not only information but also sufficient confidence to use financial services effectively (Jaswal & Naik, 2026).

The importance of financial literacy is also reflected in farmers' financial management practices. A 2025 study examined the relationship between financial literacy and farm financial management and highlighted the role of financial education in helping farmers manage their financial resources. The findings support the view that financial literacy should be considered as a practical ability to manage financial matters rather than simply familiarity with financial terms (Yogitha & Sita Devi, 2025).

Research from West Bengal provides further evidence of the relationship between financial knowledge and financial behaviour. A study of 505 farmers from Bardhaman and Purulia found that only 32.87% of respondents were financially disciplined and reported a relatively low average financial literacy score. Both financial literacy and financial confidence were found to contribute positively to financial discipline. This indicates that financial knowledge becomes more useful when farmers are confident enough to apply it in their financial decisions (Das & Maji, 2025).

Financial literacy has also been linked with saving behaviour among farmers. A study based on 10,263 Indian farmers found that only 42.99% of respondents saved regularly, while most respondents showed low levels of financial literacy and financial confidence. The study further reported that financial literacy and financial confidence influenced saving behaviour, along with factors such as education, income, gender, household size and farm ownership (Maji et al., 2023).

The growing use of digital financial services has added another dimension to financial awareness. The OECD/INFE 2024 framework on digital financial literacy emphasises the knowledge, skills, attitudes and behaviour required to use digital financial services safely and effectively. It recognises that financial literacy now extends beyond conventional financial concepts and includes awareness and use of digital financial services (OECD, 2024).

The changing financial behaviour of rural households is also reflected in the findings of NAFIS 2021–22. The proportion of respondents demonstrating good financial literacy increased from 33.9% in 2016–17 to 51.3% in 2021–22, while sound financial behaviour increased from 56.4% to 72.8%. During the same period, the share of agricultural households obtaining loans exclusively from institutional sources increased from 60.5% to 75.5%, along with an expansion in insurance coverage (NABARD, 2024). These developments indicate that farmers are increasingly interacting with formal financial institutions and products, making broader financial awareness more important.

Objectives

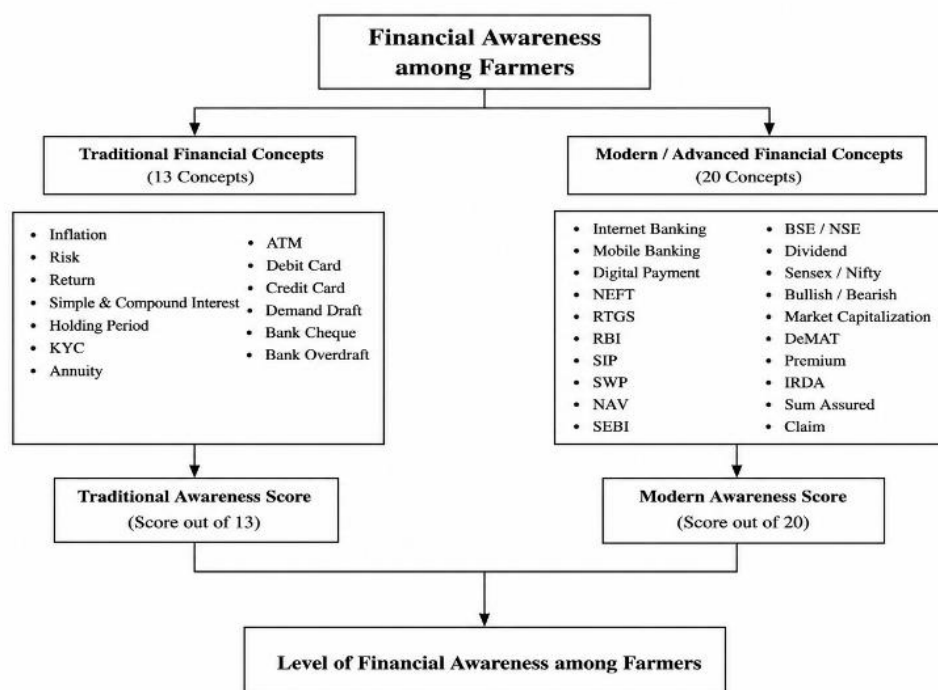
Main Objective

To assess and compare the awareness of traditional and advanced financial concepts among farmers in the selected districts of Saurashtra.

Specific Objectives

1. To assess the level of farmers' awareness of different investment avenues (traditional to Modern).
2. To assess the level of farmers' awareness of traditional and advanced financial concepts.
3. To examine whether there is a significant difference between farmers' awareness of traditional and advanced financial concepts.

Research model



Research Methodology

The study employed a descriptive and comparative research design to examine farmers' awareness of traditional and modern financial concepts. Primary data were collected from 767 farmers using a structured questionnaire. Awareness of financial concepts was recorded on a binary scale, where 1 indicated awareness and 0 indicated no awareness. The concepts were grouped into 13 traditional concepts, including inflation, risk, return, interest, KYC, ATM, debit card and cheque, and 20 modern or advanced concepts, covering internet banking, digital payments, NEFT, RTGS, SIP, SWP, NAV, SEBI, capital-market terms, DeMAT and insurance-related concepts.

For each respondent, separate Traditional Financial Awareness and Modern Financial Awareness scores were prepared and converted into percentage scores so that the two groups could be compared despite having a different number of concepts. Awareness of investment avenues was measured separately on a five-point scale ranging from Never Heard to Aware with Sound Knowledge, and weighted mean scores were used to rank the avenues. Frequency, percentage, mean and standard deviation were used to describe the data, while a paired-samples t-test was applied to determine whether the difference between traditional and modern financial awareness was statistically significant.

RESULTS AND FINDINGS

Demographic details

Table 1: Demographic details of Respondents

Demographic Variable	Category	Frequency	Percentage (%)
Gender	Male	601	78.4
	Female	166	21.6
Total		767	100.0

Age	18–30	144	18.8
	31–40	155	20.2
	41–50	243	31.7
	51–60	156	20.3
	Above 60	69	9.0
Total		767	100.0
Education Level	Illiterate	150	19.6
	Up to 10th	275	35.9
	12th Pass	182	23.7
	Graduate	111	14.5
	Postgraduate	42	5.5
	Doctorate	1	0.1
	Other	6	0.8
Total		767	100.0
Occupation	Agricultural Holder Only	91	11.9
	Cultivators	589	76.8
	Tenants/Sharecroppers	63	8.2
	Poultry & Livestock Farming	22	2.9
	Fisher	1	0.1
	Other	1	0.1
Total		767	100.0
Family Size	2 persons	38	5.0
	2–4 persons	259	33.8
	More than 4 persons	469	61.1
	4 persons	1	0.1
Total		767	100.0
Financial Decision-Making	Individual	302	39.4
	Joint decision with life partner	106	13.8
	Joint decision of all family members	328	42.8
	After consulting financial advisor	31	4.0
Total		767	100.0

Objective 1: To assess the level of farmers' awareness of different investment avenues (traditional to Modern).

Table 2: Awareness of Different Investment Avenues among Farmers

Sr. No.	Investment Avenue	Never Heard (1)	Unaware (2)	Can't Say (3)	Aware (4)	Sound Knowledge (5)	Weighted Mean	Rank
1	Gold and Silver	28	38	52	312	337	4.163	1
2	Real Estate	31	36	89	330	281	4.035	2
3	Bank Deposits	41	56	89	458	123	3.738	3
4	Post Office Deposits	27	66	176	409	89	3.609	4
5	Insurance	81	69	175	353	89	3.391	5
6	Commodity Market	169	140	215	124	119	2.849	6
7	Government Securities	122	195	241	145	64	2.784	7

8	Mutual Fund	181	145	237	157	47	2.666	8
9	Government Pension Scheme	218	173	230	100	46	2.456	9
10	Shares	212	190	229	90	46	2.437	10
11	Senior Citizens Savings Scheme (SCSS)	221	183	265	64	34	2.357	11
12	Debentures and Bonds	290	218	180	45	34	2.107	12

Interpretation

The findings show clear differences in farmers' awareness of the various investment avenues. Gold and silver had the highest weighted mean score of 4.163, followed by real estate (4.035) and bank deposits (3.738). Post Office Deposits (3.609) and insurance (3.391) also showed comparatively higher levels of awareness. This pattern suggests that farmers are more familiar with investment options that are commonly used and easily accessible in their day-to-day financial activities.

Awareness was much lower for several specialised investment products. Debentures and bonds recorded the lowest weighted mean of 2.107, followed by SCSS (2.357), shares (2.437), government pension schemes (2.456) and mutual funds (2.666). Government securities also recorded a relatively low score of 2.784. The results indicate that farmers are more familiar with conventional investment options, while their understanding of market-based and specialised financial products is comparatively limited.

The same pattern is visible when the Aware and Aware with Sound Knowledge responses are considered together. Awareness was highest for gold and silver (84.6%), followed by real estate (79.7%), bank deposits (75.7%) and Post Office Deposits (64.9%). In contrast, awareness was only 10.3% for debentures and bonds, 12.8% for SCSS, 17.7% for shares, and 19.0% for government pension schemes. Overall, the results suggest that farmers have greater familiarity with traditional investment avenues, whereas awareness of specialised and market-linked investment options remains relatively low

Objective 2: To assess the level of farmers' awareness of traditional and advanced financial concepts.

Table 2: Awareness of Different Investment Avenues among Farmers

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Table 3: Awareness of Traditional and Modern Financial Concepts among Farmers

Category	Financial Term	Aware (Frequency)	Aware (%)	Awareness Level
Traditional Financial Concepts	Return	686	89.4	Very High
	Simple & Compound Interest	588	76.7	High
	Risk	556	72.5	High
	Inflation	512	66.8	High
	Bank Cheque	574	74.8	High
	ATM	668	87.1	Very High
	Holding Period	322	42.0	Moderate
	KYC	306	39.9	Low
	Annuity	49	6.4	Very Low
	Debit Card	275	35.9	Low
	Credit Card	247	32.2	Low
	Demand Draft	76	9.9	Very Low
	Bank Overdraft	124	16.2	Very Low
Modern Financial Concepts	Internet Banking	246	32.1	Low
	Mobile Banking	274	35.7	Low
	Digital Payment	248	32.3	Low
	NEFT	118	15.4	Very Low
	RTGS	69	9.0	Very Low
	RBI	107	14.0	Very Low
	SIP	223	29.1	Low
	SWP	67	8.7	Very Low
	NAV	38	5.0	Very Low
	SEBI	191	24.9	Very Low
	BSE/NSE	57	7.4	Very Low
	Dividend	56	7.3	Very Low
	Sensex/Nifty	85	11.1	Very Low
	Bullish/Bearish	385	50.2	Moderate
	Market Capitalization	48	6.3	Very Low
	DeMAT	53	6.9	Very Low
	Premium	445	58.0	Moderate
	IRDA	41	5.3	Very Low
	Sum Assured	384	50.1	Moderate
	Claim	173	22.6	Very Low

Table 4: Category-wise comparison

Category	No. of Terms	Mean Awareness (%)	Overall Level
Traditional Financial Concepts	13	41.49	Moderate
Modern Financial Concepts	20	27.58	Low
Overall Financial Concepts	33	33.05	Low

Interpretation

The results indicate a clear difference between farmers' awareness of traditional and modern financial concepts. Awareness is relatively stronger for traditional financial concepts. Farmers show particularly high familiarity with return (89.4%), ATM (87.1%), simple and compound interest (76.7%), bank cheque (74.8%), risk (72.5%) and inflation (66.8%). These are concepts and services that are more closely connected with routine financial transactions and therefore appear to be more familiar to the respondents. Awareness falls considerably when the concepts become more specialised. Among the modern financial concepts, premium (58.0%), bullish/bearish (50.2%) and sum assured (50.1%) have comparatively better awareness. In contrast, awareness is particularly low for NAV (5.0%), IRDA (5.3%), market capitalisation (6.3%), DeMAT (6.9%), dividend (7.3%), BSE/NSE (7.4%) and SWP (8.7%). This suggests that familiarity with modern financial products does not necessarily extend to understanding the terminology associated with them.

Overall, the findings point towards a noticeable awareness gap between traditional and modern financial concepts. Farmers appear to be reasonably familiar with financial terms encountered in their routine financial activities, but awareness becomes weaker for concepts related to investment markets, mutual funds, securities and specialised financial services. This finding directly supports the study's objective of comparing traditional and advanced financial awareness and provides a strong basis for examining whether this difference is statistically significant.

Objective 3: To examine whether there is a significant difference between farmers' awareness of traditional and advanced financial concepts.

H₀: There is no significant difference between farmers' awareness of traditional and modern financial concepts.

Paired Samples Statistics

Table 5: Paired Samples Statistics

Financial Awareness Dimension	Mean (%)	N	Std. Deviation	Std. Error Mean
Traditional Concepts	50.3360	767	20.43203	0.73776
Modern Concepts	21.5515	767	18.10377	0.65369

The results show that the average awareness of traditional financial concepts was 50.34%, whereas awareness of modern financial concepts was only 21.55%. Thus, the descriptive results already indicate a substantial difference of approximately 28.78 percentage points.

Paired Samples Correlation

The correlation between traditional and modern financial awareness scores is:

$$r = 0.584, p < 0.001$$

This indicates a moderate positive relationship between the two types of awareness. Farmers who tend to have higher awareness of traditional financial concepts also tend to have relatively higher awareness of modern concepts. However, the correlation does not mean that their levels of awareness are similar.

Paired Samples t-test

Table 6: Paired Samples t-test

Comparison	Mean Difference	t	df	p-value
Traditional – Modern Concepts	28.78447	45.028	766	< .001

The paired-samples t-test produced a t-value of 45.028 with 766 degrees of freedom, and the difference was statistically significant ($p < 0.001$). The 95% confidence interval for the mean difference ranged from 27.52956 to 30.03939 percentage points, which does not include zero.

Interpretation

The paired samples t-test was conducted to examine whether farmers' awareness of traditional and modern financial concepts differed significantly. The results show that the mean awareness of traditional financial concepts was 50.34%, while the corresponding mean for modern financial concepts was substantially lower at 21.55%. The mean difference between the two awareness scores was 28.78 percentage points. The paired-samples test confirmed that this difference was statistically significant ($t = 45.028$, $df = 766$, $p < 0.001$). The positive correlation between traditional and modern financial awareness was moderate and statistically significant ($r = 0.584$, $p < 0.001$), indicating that farmers with greater awareness of traditional concepts also tended to show greater awareness of modern concepts. Nevertheless, the considerably lower mean score for modern concepts indicates a clear gap in farmers' familiarity with newer and more specialised financial concepts.

CONCLUSION

The study shows that farmers' financial awareness is not the same across different areas of financial knowledge. They are more familiar with traditional concepts such as return, ATM, interest, bank cheque, risk and inflation, which are closely related to their regular financial activities. In comparison, awareness of modern and specialised concepts is much lower. The mean awareness score for traditional financial concepts was 50.34%, while the score for modern financial concepts was only 21.55%. This difference suggests that farmers have greater familiarity with conventional financial practices but have relatively limited exposure to newer financial products and terminology.

The statistical results confirm that the difference is not merely due to variation in the sample. The paired-samples t-test showed a mean difference of 28.78 percentage points between traditional and modern financial awareness ($t = 45.028$, $df = 766$, $p < 0.001$). The relationship between the two types of awareness was also positive and significant ($r = 0.584$, $p < 0.001$). This means that farmers who were more familiar with traditional financial concepts generally showed better awareness of modern concepts as well. However, the large difference in their mean scores indicates that familiarity with basic financial matters does not automatically lead to a similar understanding of digital banking, mutual funds, capital-market terms and specialised insurance concepts.

The findings point to a need for a broader approach to financial education among farmers. Awareness programmes should not stop at basic banking and saving practices but should also introduce farmers to digital financial services, modern investment products, risk management and important financial terminology in a simple and practical manner. Financial institutions, government agencies and rural development organisations can play an important role in this regard by developing programmes that relate modern financial concepts to the actual financial needs and circumstances of farming households.

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