

## Evaluation of the Financial Literacy Landscape in the Eastern Region of India

*Discipline: Economics*

**Dr. Sitara V. Attokkaran**

Associate Professor, PG & Research Department of Economics, Vimala College  
(Autonomous), Thrissur, Kerala, Affiliated to the University of Calicut, India  
Email: sitaravattokkaran@vimalacollege.edu.in

**Nandana K.R.**

Independent Researcher, PG & Research Department of Economics, Vimala College  
(Autonomous), Thrissur, Kerala, Affiliated to the University of Calicut, India  
Email: nandanakr1995@gmail.com

---

Received: 05.10.2025 | Revised Submission: 21.10.2025 | Accepted: 03.11.2025 | Available Online: 08.11.2025

---

### Abstract

*Financial literacy is crucial for people's welfare and wellbeing, enabling them to make informed decisions about their financial resources. Financial literacy promotes financial inclusion, reduces poverty, and contributes to economic growth and development. Financial literacy is a combination of financial attitude, financial behaviour and financial knowledge as proposed by OECD (2012). Overall financial literacy score is obtained by adding together, the scores of these three components (OECD/INFE 2015). The present study examined the financial literacy scenario in the East Zone of India. The study reveals that while financial attitude is strong across all zones in India, there is a significant gap in financial behavior and knowledge. Only 27 percent of the population meets the overall financial literacy threshold. Financial literacy in the eastern region of India is notably low, with only West Bengal (29 percent) exceeding the national average of 27 percent. All other states, including Bihar, Odisha, and Sikkim, fall significantly below, underscoring a critical need for region-specific financial education and awareness initiatives. This highlights the urgent need for targeted financial education and behavior-focused interventions to improve overall financial literacy in the country.*

**Key Words:** Financial literacy, financial attitude, financial behavior, financial knowledge, financial inclusion

### 1. Introduction

Financial literacy is essential for people's welfare and wellbeing, enabling them to make informed decisions about their financial resources. Financial literacy is essential

for individuals, families, and communities to achieve financial stability, security, and prosperity. It promotes financial inclusion, reduces poverty, and contributes to economic growth and development. Financial literacy, as defined by the OECD, encompasses a combination of knowledge, attitude, and behavior. Overall financial literacy score is obtained by adding together, the scores of these three components (OECD/INFE 2015). This multi-dimensional approach allows for a thorough evaluation of an individual's ability to make prudent money management choices, ultimately contributing to improved financial well-being.

Financial literacy encompasses three key components that collectively determine an individual's overall financial capability. Financial Knowledge refers to the understanding of fundamental financial concepts, including savings accounts, compound interest, and investments, which provides the foundation for informed decision-making. Financial Attitude encompasses an individual's beliefs and feelings towards money management and financial planning, influencing their willingness to engage in financial activities. Financial Behavior involves the actions taken with money, such as budgeting, saving, investing, and managing debt, which ultimately impact financial outcomes. By assessing these components, financial literacy can be measured, providing valuable insights into an individual's capacity to manage finances effectively and make informed financial decisions.

## 2. Significance of the Study

Financial competence plays a vital role in equipping people with the knowledge and expertise necessary to make informed money management choices. The ability to navigate complex financial concepts is essential in today's economic landscape. Promoting financial literacy enables individuals to manage financial risks more effectively, **sound investment decisions** and foster overall growth and development of the economy. Notably, among the various zones in India, the East Zone exhibits the lowest financial literacy. At this juncture, it is relevant to analyze financial literacy levels in various states in the eastern zone. The present study intends to examine the financial literacy scenario in the East Zone of India. The study can help identify gaps in financial literacy levels in various states in the eastern zone, enabling targeted interventions. By highlighting areas of improvement, the study can contribute to promoting financial inclusion in the eastern zone, ultimately driving economic growth and development.

## 3. Review of Literature

Previous studies indicate that financial literacy is a significant concern in India, with various studies highlighting Insufficient financial literacy within diverse population segments (Dube & Asthana, 2017). Specifically, Uttar Pradesh lags behind national

and zonal averages (Dube & Asthana, 2017). Determinants of financial literacy encompass demographic and socio-economic elements such as gender, marital status, age, religion, education, occupation, income, and family system, as well as internet accessibility (Kiliyanni & Sivaraman, 2016; Dash & Ranjan, 2023; Singh & Singh, 2023). Financial literacy significantly influences mutual fund investment, credit use, handling debt, and investment planning, and is crucial for empowering women through access to credit (Dash & Ranjan, 2023; Semmler, 2016). However, challenges persist, including low financial literacy among scheduled tribes, poverty's negative impact on financial literacy, limited control over loans and investments among women, and regional disparities in financial literacy, with states like Assam, Bihar, Manipur, Nagaland, and Uttar Pradesh lagging behind (Singh & Singh, 2023; Semmler, 2016; Dash & Ranjan, 2023).

#### **4. Objectives of the Study**

- To compare the financial literacy levels in the East zone with other zones in India,
- To evaluate and compare financial literacy levels among the Eastern states in India.

#### **5. Data Source and Methods**

This study is based on secondary data sourced from the NCFE (National Centre for Financial Education) Financial Literacy and Inclusion Survey conducted in 2019. The study aims to assess the financial literacy scenario in Eastern zone of India by examining three key components: financial attitude, financial behavior, and financial knowledge. These components are widely recognized as the core pillars of financial literacy, as defined by international standards formulated by the OECD. Eastern region of India includes the states and union territories of Andaman & Nicobar Islands, Bihar, Jharkhand, Odisha, Sikkim, and West Bengal. The data was analyzed using a combination of descriptive statistics (table and percentage) and visual representation (bar diagram) to facilitate a clear and comprehensive understanding of the financial literacy level in Eastern India.

#### **6. Discussion of the Analysis**

Financial literacy is commonly understood as a combination of three core components: financial attitude, financial behavior, and financial knowledge. Each of these components serves a distinct yet interrelated function in determining an individual's overall financial well-being.

Financial attitude reflects a person's mindset and approach toward money—specifically how they view spending, saving, and financial planning. A positive financial

attitude fosters responsible money management and future-oriented decision-making. Financial behavior, on the other hand, refers to the practical actions individuals take in managing their finances. It includes maintaining a household budget, making cautious spending decisions, setting aside regular savings, planning for long-term financial goals, observing personal financial matters, paying bills on time, and understanding affordability. Lastly, financial knowledge encompasses an individual's awareness about financial products and concepts such as interest rates, risk and return, inflation, and diversification.

For each component, a threshold score has been defined to indicate adequate financial capability a score of 3 or more out of 5 for financial attitude, 6 or more out of 9 for financial behavior, and 6 or more out of 8 for financial knowledge. Additionally, an individual is considered financially literate if they achieve a total score of 15 or more out of a maximum of 22 points.

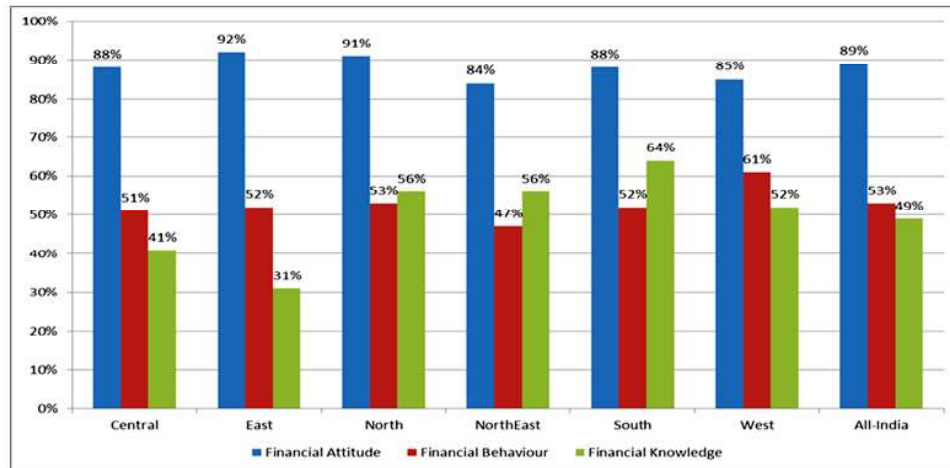
### 6.1. A Comparative Study of Financial Literacy across Indian Zones

The table-1 presents data on financial literacy across various zones in India, evaluating three key components: financial attitude, financial behavior, and financial knowledge. Across all zones, financial attitude scores are relatively high, with percentages ranging from 84 percent in the Northeast to 92 percent in the East, suggesting that most individuals have a positive approach toward financial matters. However, financial behavior scores show moderate performance, with the lowest in the Northeast at 47 percent and the highest in the West at 61 percent, indicating a noticeable gap between attitude and actual financial practices. In terms of financial knowledge, the variation is wider. The South leads with 64 percent of individuals meeting the knowledge threshold, while the East trails behind at just 31 percent. This highlights a significant lack of financial understanding in certain regions.

**Table 1: Financial Literacy in Different Zones in India (in percentage)**

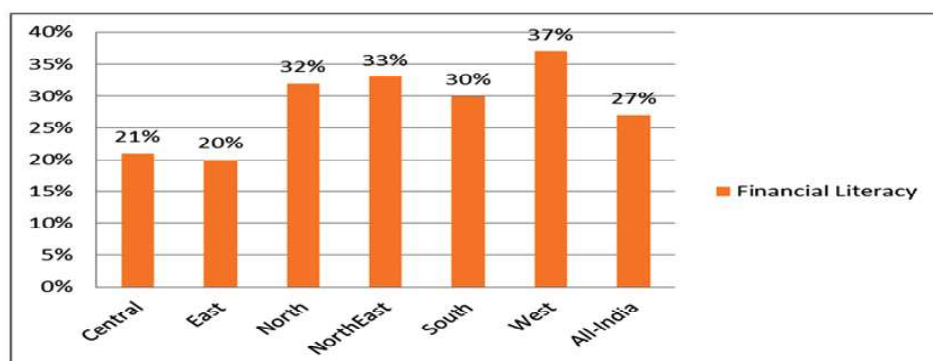
Different Zones in India	Financial Attitude ( $\geq 3$ )	Financial Behaviour ( $\geq 6$ )	Financial Knowledge ( $\geq 6$ )	Financial Literacy ( $\geq 15$ )
Central	88	51	41	21
East	92	52	31	20
North	91	53	56	32
Northeast	84	47	56	33
South	88	52	64	30
West	85	61	52	37
All-India	89	53	49	27
Maximum Score	5 points	9 points	8 points	22 points

Source: NCFE Financial Literacy and Inclusion Survey 2019

**Figure: 1 Components of Financially Literacy in Different Zones of India**

Source: NCFE Financial Literacy and Inclusion Survey 2019

The figure 2 depicts overall financial literacy across various zones in India. When combining all three components, the financial literacy scores reveal that only a small proportion of the population meets the overall literacy threshold. The West zone performs the best, with 37 percent of its population considered financially literate, followed by the Northeast at 33 percent and the North at 32 percent. In contrast, the Central and East zones have the lowest literacy rates at 21 percent and 20 percent, respectively. The national average, or All-India score, stands at 27 percent, emphasizing the need for improved financial education and awareness programs across the country.

**Figure: 2 Financial Literacy in Different Zones in India**

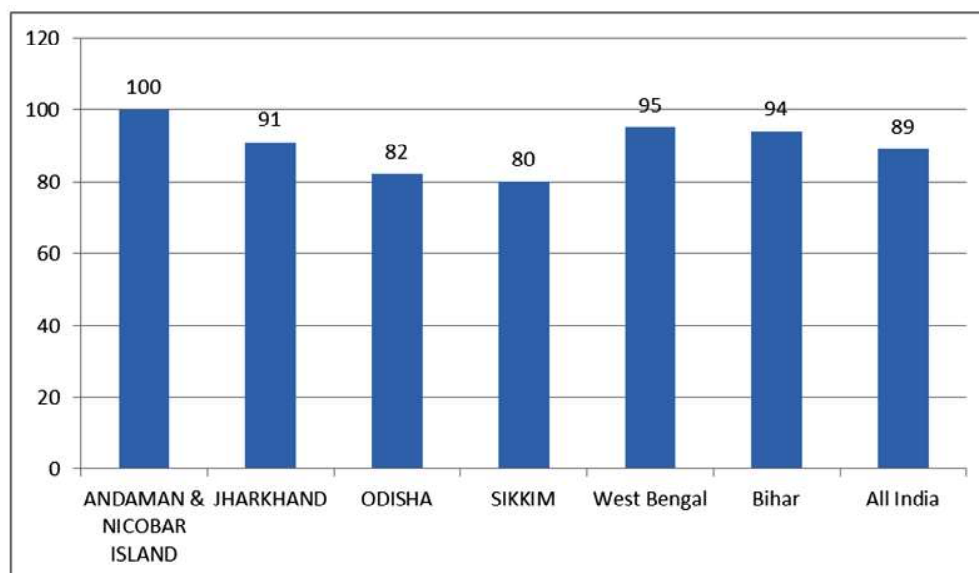
Source: NCFE Financial Literacy and Inclusion Survey 2019

## 6.2. An Evaluation of Financial Literacy in Eastern States of India

### 6.2.1 Financial Attitude in Eastern States of India

Among the eastern region states, Andaman and Nicobar exhibited the highest financial attitude, achieving a perfect score of 100 percent. This was closely followed by West Bengal at 95 percent, Bihar at 94 percent and Jharkhand at 91 percent. Odisha and Sikkim recorded the lowest scores within the region, at 82 percent and 80 percent respectively. Overall, the eastern states demonstrated a stronger financial attitude compared to the national average of 89 percent, with the exception of Odisha and Sikkim, which fell below this benchmark. These findings indicate that most eastern states have a positive approach toward financial matters, highlighting regional strengths in financial awareness and behavior.

**Figure 3 Financial Attitude in Eastern States of India**



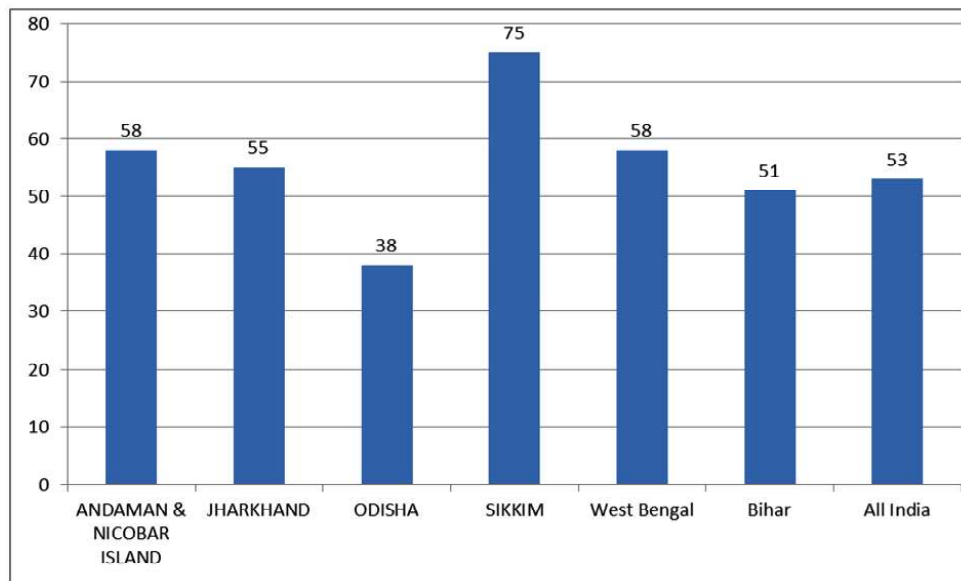
Source: NCFE Financial Literacy and Inclusion Survey 2019

### 6.2.2 Financial Behavior in Eastern States of India

The Eastern region exhibits encouraging trends in financial behavior, with several states performing at or above the national average. Sikkim leads the region with an impressive financial behavior score of 75 percent, indicating strong financial literacy and responsible practices. Following Sikkim, Andaman and Nicobar Islands and West Bengal recorded commendable scores of 58 percent, reflecting positive financial engagement among their populations. Jharkhand and Bihar also demonstrated moderate

financial behavior scores of 55 percent and 51 percent, respectively, suggesting steady progress in financial awareness. However, Odisha scored the lowest in the region with 38 percent, highlighting an area that could benefit from targeted financial education and inclusion efforts. Overall, the majority of the Eastern states show promising financial behavior levels, which align closely with or surpass the all-India average, signaling a positive trajectory for financial empowerment in the region.

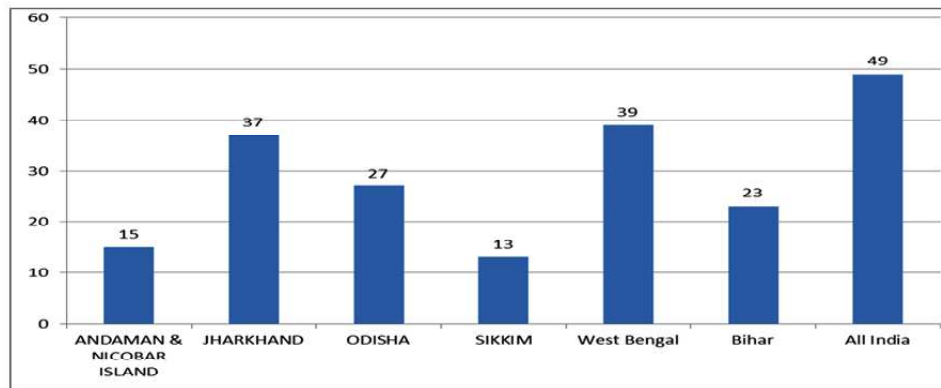
**Figure: 3 Financial Behavior in Eastern States of India**



Source: NCFE Financial Literacy and Inclusion Survey 2019

### 6.2.3 Financial Knowledge in Eastern States of India

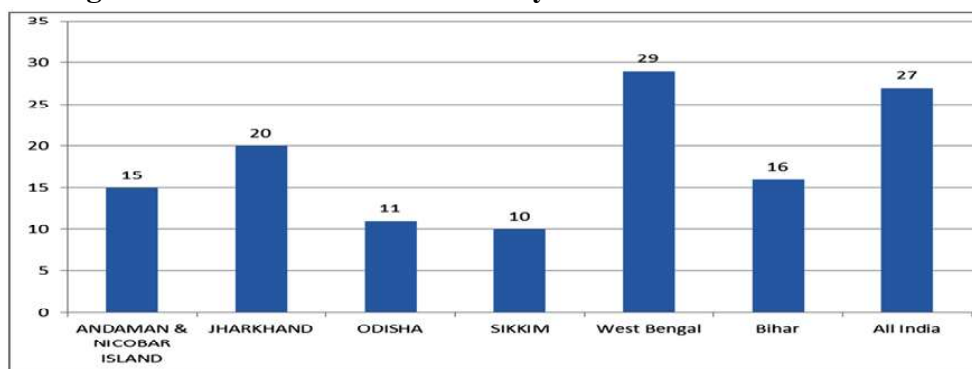
Financial knowledge levels across the eastern region of India remain significantly below the national average of 49 percent. Among the states, West Bengal recorded the highest financial literacy rate at 39 percent, followed closely by Jharkhand at 37 percent. However, both still fall short of the national benchmark. Odisha (27 percent) and Bihar (23 percent) show moderate awareness, while the union territory of Andaman & Nicobar Islands reported a low 15 percent. Sikkim registered the lowest financial knowledge in the region at just 13 percent. These figures highlight a pressing need for targeted financial education initiatives in the eastern states to bridge the literacy gap and promote informed financial decision-making.

**Figure: 4 Financial Knowledge in Eastern States of India**

Source: NCFE Financial Literacy and Inclusion Survey 2019

#### 6.2.4 Overall Financial Literacy across Eastern States of India

Financial literacy encompasses three key components: financial attitude, financial behavior, and financial knowledge. It is assessed by combining scores across these areas to provide an overall measure. In the eastern region of India, West Bengal leads with the highest financial literacy rate at 29 percent, slightly surpassing the national average of 27 percent. Other states in the region lag behind: Jharkhand at 20 percent, Bihar at 16 percent, Andaman & Nicobar Islands at 15 percent, and Odisha at 11 percent. Sikkim ranks the lowest, with a financial literacy rate of just 10 percent. With the exception of West Bengal, all eastern states fall below the national average, highlighting the urgent need for targeted financial education and awareness programs across the region.

**Figure : 5 Overall Financial Literacy across Eastern States of India**

Source: NCFE Financial Literacy and Inclusion Survey 2019



### 6.3.1 Financial Literacy in Eastern India: Trends and Improvements (2014–2019)

Based on the financial literacy data from 2014 to 2019 for the Eastern states of India, there has been a noticeable improvement across all regions, though the levels still vary widely. West Bengal had the highest financial literacy rate among the listed Eastern states in both years, increasing significantly from 21 percent in 2014 to 29 percent in 2019, which is notably above the national average. Bihar showed the most dramatic improvement, doubling its financial literacy rate from 8 percent to 16 percent, reflecting strong progress, though still below the national figure. Jharkhand also made considerable gains, rising from 15 percent to 20 percent, now matching the 2014 national average.

Odisha and Sikkim both started at lower levels 9 percent and 8 percent respectively in 2014 and made modest progress to 11 percent and 10 percent in 2019. These increases, though positive, remain among the lowest in the region and well below the national average. Andaman & Nicobar Islands showed only a slight increase from 14 percent to 15 percent, indicating minimal change over the five-year period.

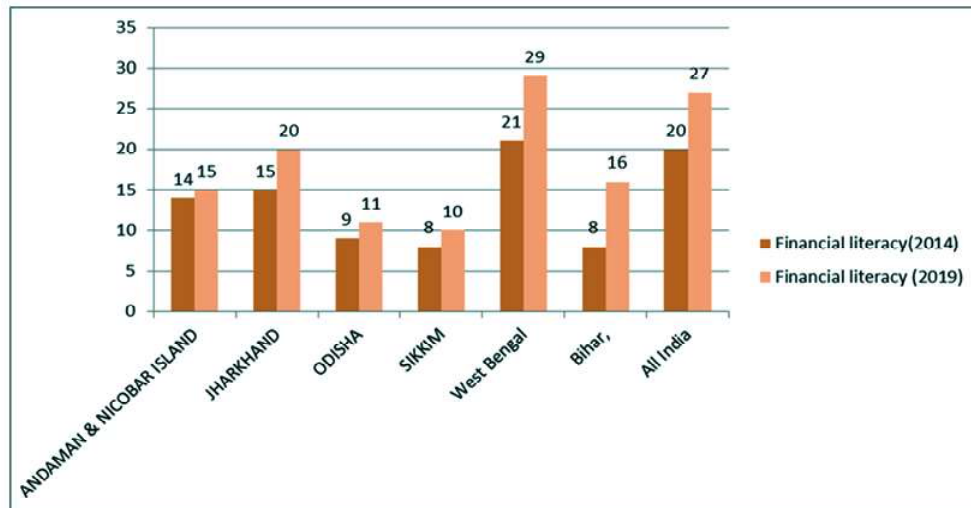
At the national level, India's overall financial literacy rose from 20 percent in 2014 to 27 percent in 2019, marking a significant 7-percentage point increase. While some Eastern states such as West Bengal and Jharkhand are approaching or exceeding this average, others like Odisha, Sikkim, and Andaman & Nicobar continue to lag, highlighting regional disparities that may be influenced by differences in education, outreach, infrastructure, or socio-economic conditions.

**Table -1 Financial Literacy in Eastern States of India: A Comparative Analysis (2014-2019)**

Eastern States of India	Financial Literacy 2014 (in percentage)	Financial Literacy 2019 (in percentage)
Andaman & Nicobar Island	14	15
Jharkhand	15	20
Odisha	9	11
Sikkim	8	10
West Bengal	21	29
Bihar,	8	16
All India	20	27

Source: NCFE Financial Literacy and Inclusion Survey 2019

**Figure: 6 Financial Literacy in Eastern States of India: A Comparative Analysis (2014–2019)**



Source: NCFE Financial Literacy and Inclusion Survey 2019

### Conclusion

Financial literacy equips individuals to adapt to rapid changes in the financial system and promotes financial well-being; particularly for vulnerable sections of society. The study reveals that while financial attitude is strong across all zones in India, there is a significant gap in financial behavior and knowledge. Only 27 percent of the population meets the overall financial literacy threshold. Financial literacy in the eastern region of India is notably low, with only West Bengal (29 percent) exceeding the national average of 27 percent. All other states, including Bihar, Odisha, and Sikkim, fall significantly below, underscoring a critical need for region-specific financial awareness initiatives. This highlights the need for targeted financial training and behavior-focused interventions to increase financial literacy in the country. Between 2014 and 2019, financial literacy in Eastern India improved across all states, with West Bengal leading and exceeding the national average. Bihar showed the most significant growth, while Odisha, Sikkim, and Andaman & Nicobar Islands remained well below national levels despite modest gains. These trends highlight persistent regional disparities and the need for focused financial education efforts tailored to lagging states.

### References

1. Dash, P., & Ranjan, R. (2023). *Financial literacy across different states of India: An empirical analysis*. RIS, Research and Information System for Developing Countries.
2. Dube, V. S., & Asthana, P. K. (2017). A comparative study on Financial Literacy of Uttar Pradesh with Central Zone states in India. *IOSR Journal of Business and Management (IOSR-JBM)*, 19(10), 22-27.
3. Kiliyanni, A. L., & Sivaraman, S. (2016). The perception-reality gap in financial literacy: Evidence from the most literate state in India. *International Review of Economics Education*, 23, 47-64.
4. National Centre for Financial Education Report on Financial Literacy and Financial Inclusion, 2015.
5. National Centre for Financial Education Report on Financial Literacy and Financial Inclusion, 2019
6. OECD (2017), G20/OECD INFE report on adult financial literacy in G20 countries.
7. Semmler, L. V. (2016). *Financial decision making in rural India: poverty, financial literacy and investment decisions* (Doctoral dissertation, Niedersächsische Staats-und Universitätsbibliothek Göttingen).
8. Singh, B., & Singh, M. (2023). Financial literacy and its determinants among the schedule tribes: evidences from India. *International Journal of Social Economics*, 50(12), 1804-1817.
9. Vaish, A. (2025). Evaluating the Impact and Outreach of Financial Literacy Programs under India's National Strategy for Financial Education (NSFE), 2020–2025. *International Journal of Innovations in Science, Engineering And Management*, 320-335.