International Journal of Scientific Research in Engineering and Management (IJSREM)
Volume: 10 Issue: 01 | Jan - 2026 SJIF Rating: 8.586 ISSN: 2582-3930

Financial Literacy and Financial Behavior Among Chhattisgarh Government Employees

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ABSTRACT

This research looks at the degree of financial behaviour and literacy among Chhattisgarh government workers, concentrating on the connection between understanding financial ideas and real-world financial activities. A standardised questionnaire was used to test financial literacy and behaviour in 320 randomly selected workers. Scores were obtained for many aspects of financial behaviour, including income allocation, borrowing, investing, insurance, and saving. The results show that, on average, respondents had decent financial literacy, scoring 7% excellent, 45% good, 35% fair, and 13% poor. In a similar vein, most respondents had favourable financial behaviour, rating it as outstanding for 2%, good for 70%, and fair for 28%. Employees approaching retirement (ages 46–58) shown comparatively worse comprehension of non-banking financial goods including investments and insurance, according to the analysis, which also found that job level and education had a substantial impact on financial literacy. Sound long-term financial planning and disciplined financial behaviour did not always correspond with financial literacy, despite the fact that it rose with age and experience. With literacy explaining 5.6% of the variation in behaviour, regression analysis demonstrated a positive and significant connection between financial literacy and financial behaviour at the 5% level. Although most government workers have enough financial knowledge, the survey finds that there are still gaps in applying this information to successful financial planning, especially when it comes to non-bank goods and retirement readiness.

Keywords:*Financial Knowledge, Financial Behavior, Financial Literacy, Workers, Insurance.*

1. INTRODUCTION

Financial literacy has become a vital aspect of contemporary economic life, enabling people to make well-informed and efficient financial resource choices. Financial literacy is especially important for government workers since they often have stable employment, consistent pay, and access to a variety of financial benefits. Nevertheless, research has shown that a lack of financial literacy may result in poor financial decision-making, which can impact investing patterns, savings, and overall financial well-being.[1]

Budgeting, savings, investment possibilities, insurance, taxes, and retirement planning are just a few of the financial topics that are included in the awareness and knowledge of financial literacy. Financially knowledgeable government workers are more equipped to handle debt, save for long-term objectives like housing, children's education, or retirement security, and prepare for immediate needs. [2] However, poor financial literacy may lead to impulsive spending, excessive credit use, and low investment involvement, which restricts the generation of wealth and raises financial risk. [3]

Employees in the government have a different financial profile than those in the private sector because of their steady jobs and set pay ranges. They can consistently save and invest with their monthly income, but because of deficiencies in their financial education, they often underutilise this potential. [4] A lot of workers may not be completely aware of the nuances of investing alternatives like mutual funds, provident funds, or pension plans. Inefficient resource allocation also results from a lack of knowledge about insurance coverage and tax-saving options. For government workers to maximise their financial choices and gradually increase their financial stability, financial literacy therefore becomes an essential tool. [5]

The term "financial behaviour" describes the way people handle their money, including debt management, investing, saving, budgeting, and spending. Among government workers, attitudes, cultural customs, and knowledge of financial goods all have an impact on financial behaviour in addition to income level. [6] Diversification of assets, prompt loan repayment, disciplined budgeting, and effective risk management are all indicators of sound financial behaviour. On the other hand, poor financial practices might include rash purchases, late payments, excessive borrowing, and a lack of emergency preparation. There is evidence that wise financial behaviour and financial literacy are closely associated; those with more financial literacy are more likely to practise responsible financial behaviour. [7]

A number of variables influence government workers' financial behaviour and literacy. Their years of service, age, income level, and educational background all affect how well they comprehend financial concepts. For example, although older workers could depend on more conventional approaches, younger employees might be more receptive to embracing contemporary financial instruments like online investing platforms and digital banking. [8] Additionally, access to financial advising services and company culture influence how people behave financially. Government agencies that provide training, financial awareness initiatives, and counselling services often have staff members with superior investing and financial planning practices. [9]

Beyond personal wellbeing, government personnel' financial behaviour and financial knowledge are important to research. Good financial management helps people be more productive, less stressed about money, and better prepared for retirement. [10] Financially conscious workers are less likely to engage in high-risk financial activities, protecting their own assets and improving long-term financial stability. Additionally, fostering a culture of informed decision-making inside government organisations may motivate staff members to take proactive measures to reach their financial objectives by increasing financial literacy. [11]

The financial well-being of government personnel is greatly influenced by financial behaviour and financial literacy, which are closely related. Even while government jobs provide security and a steady salary, the full advantages of these jobs can only be experienced by individuals who are financially literate and behave responsibly. [12] As a result, programs that increase financial literacy in conjunction with helpful organisational procedures may greatly enhance government workers' capacity for making sound financial decisions and their general financial stability. [13]

2. RESEARCH METHODOLOGY

This research aims to investigate the quality of financial decision-making and the degree of financial literacy among Chhattisgarh government workers. To do this, information on workers' understanding of basic financial concepts and how they approach financial decision-making has to be gathered. A systematic survey was created for this aim, including well crafted questions meant to evaluate decision-making behaviours as well as financial knowledge.

Out of the almost 18,000 government employees in the state, 320 people were selected at random. A questionnaire with 50 questions was given to each person that was chosen. Twenty of them examined financial conduct, 25 assessed financial literacy, and five gathered basic demographic information to create the respondents' profiles. Multiple-choice questions with a single right answer were part of the literacy portion. Correct answers received one point, while wrong answers received zero. Additionally, the conduct portion was multiple-choice, with five possible answers for each question and a score range of 1 to 5. The highest attainable score was thus 100 points for financial conduct and 25 points for financial knowledge.

After the workers completed the questionnaires, they were gathered and methodically tallied. The data summary served as the foundation for further investigation. After that, government personnel' financial literacy scores were divided into several tiers for analysis:

Financial Literacy	**Very Low**	**Low**	**Fair**	**Good**	**Excellent**
Score	0 – 5	6 - 10	11 – 15	16 – 20	21 – 25

To be competent in fiscal conduct as a public official, one must be able to:

Financial Behavior	**Very Low**	**Low**	**Fair**	**Good**	**Excellent**
Score	1 – 20	21 -40	41 – 60	61 – 80	81 – 100

Table shows the operational variable for this descriptive-verificative study:

Table1.OperationalVariable

Variable	Concept	Indicator	Scale
Financial Literacy (X)	Proficiency in knowing one's way around money, including the fundamentals of saving, borrowing, investing, and insurance, as well as banks and other financial organisations	Thebasicknowledgeof: • A banking institution • A non-banking financial institution • An insurance company • A savings account • A loan • An investment	Ratio
Financial Behaviour (Y)	Saving for retirement requires careful financial planning and the distribution of income from multiple sources.	• Incomeallocationplanning • Allocationfunds: i. Charity ii. Education iii. Insurance iv. Saving v.Borrowings&Repayment vi. Investment vii. Pension viii. LivingExpenses ix. Lifestyles	Ratio

In order to determine the impact of financial literacy on financial behaviour, the data was studied using both descriptive and regression analysis. Validity and reliability testing will be conducted beforehand.

According to Ghozali (2009), a validity test is used to assess the reliability of a battery of surveys. If the questions in the questionnaire can identify the intended outcomes, then the questionnaire may be said to be valid.

$$ri = \frac{\sum xy}{\sqrt{(\sum x^2)(\sum y^2)}}$$

The validity of the questionnaire was determined using correlation analysis. If the calculated **r-value** was greater than the critical **r-table value** or if the significance level was less than 0.05, the item was considered valid. Conversely, if the calculated **r-value** was lower than the r-table value or if the significance level exceeded 0.05, the item was deemed invalid.

ReliabilityTest

One way to measure dependability is via the reliability coefficient, often known as alpha Cronbach's alpha. A dependability score is determined using the Alpha Cronbach algorithm:

$$R = \propto = \frac{n}{n-1}\left(\frac{s - \sum Si}{S}\right)$$

Legend:

α =reliabilitycoefficientofcronbach'salpha

n=thesumoftheinquiriesinthequestionnaire S = variants of the overall scores

Si=variantsofeachinquiry

Reliability of the questionnaire was assessed using Cronbach's alpha coefficient. An alpha value greater than 0.7 indicates that the instrument has acceptable reliability. When the alpha value exceeds 0.8, it suggests that the individual items as well as the overall instrument are consistently reliable, demonstrating a strong reliability coefficient.

More specifically, the interpretation of Cronbach's alpha is as follows:

- **$\alpha > 0.9$**: the instrument demonstrates excellent (absolute) reliability.
- **$0.7 \leq \alpha \leq 0.9$**: the instrument has a high level of reliability.
- **$0.5 \leq \alpha < 0.7$**: the instrument demonstrates moderate or fair reliability.
- **$\alpha < 0.5$**: the instrument has low reliability, indicating that some items may be inconsistent or unreliable.

3. RESULTS

Here is an outline of the typical degree of financial knowledge among those who took the survey: Among those who are financially literate, just 7% are very knowledgeable, 45% are somewhat knowledgeable, 35% are only somewhat well-informed, and 13% are grossly uneducated.

Nearly three quarters of respondents (73%) had very good financial literacy skills, on average, among those with a professional level III or IV. On the other hand, only 27% of the people surveyed had a professional level of financial literacy, which is below average. The educational attainment and length of work of public officials have a significant impact on their career levels. Factors like education and work experience may play a role in shaping people's financial literacy, which might explain this conclusion.

Table2.Career-Based Financial Literacy

Career level	**I**	**II**	**III**	**IV**	**Total**
Excellent	0	5	16	1	22
Good	0	35	74	32	141
Fair	0	28	66	19	113
Low	2	15	20	6	43
Very Low	1	0	0	0	1
Average Score of Financial Literacy	Very Low	Fair	Good	Good	

The analysis of respondents financial literacy across age groups reveals significant differences in awareness and understanding of financial matters. Half of the total sample falls within the age group of 20 to 45 years, and this segment demonstrates a relatively good level of financial literacy on average. The remaining 50 percent of respondents, aged between 46 and 58 years, record only fair scores in financial literacy, despite the fact that they are approaching or entering retirement age. This finding highlights an important concern: many public servants nearing retirement are not adequately prepared in terms of financial knowledge, particularly with respect to planning for their post-retirement life.

The study further shows that most government employees possess a basic understanding of financial products offered by banking institutions, particularly savings and borrowing facilities. However, their knowledge remains limited when it comes to financial products and services provided by non-banking financial institutions. As a result, they are unable to take full advantage of several essential instruments such as insurance, pension funds, and investment opportunities in stocks and bonds. This gap underscores the need for targeted financial education programs to ensure that public servants can make informed decisions that safeguard their financial security in retirement.

Table3.Age-Related Financial Literacy

Age (Years)	20 – 25	26 – 35	36 – 45	46 – 58	TOTAL
Excellent	0	8	8	6	22
Good	3	19	55	66	143
Fair	0	6	40	65	111
Low	1	5	13	24	43
Very Low	0	0	1	0	1
Average Score of Financial Literacy	Good	Good	Good	Fair	

The findings indicate that public servants in Chhattisgarh generally demonstrate positive financial behaviour. Specifically, 2 percent of respondents exhibit excellent financial behaviour, 70 percent fall within the good category, while 28 percent display only a fair level. Those with fair financial behaviour are distributed across all career levels. However, a closer look at employees in Level I and Level II positions reveals that many still possess very low to fair levels of financial literacy, suggesting a gap between financial knowledge and actual financial practices.

Table4.Investing Strategies Influenced by Professional Level

Carreer Level	I	II	III	IV	TOTAL
Excellent	0	0	7	0	7
Good	1	55	126	40	222
Fair	1	29	47	14	91
Low	0	0	0	0	0
Very Low	0	0	0	0	0
Average Score of Financial Behavior	Good	Good	Good	Good	

Public servants with fair scores in financial behaviour are found across all age groups, but the pattern is most pronounced among respondents aged 46–58 years. Within this group, 42 individuals were identified as having only fair levels of financial behaviour, a trend that mirrors their financial literacy scores. This suggests that as employees approach retirement, they remain largely dependent on their fixed government income, which primarily consists of salaries and fringe benefits. Most of this income is allocated toward essential needs such as household expenses, children's education, loan repayments, and charitable contributions, leaving little room for savings or long-term investments.

The survey further reveals that a majority of respondents do not maintain proper records of their expenses and are not accustomed to structured financial planning for income allocation. Consequently, some employees experience financial strain at the end of the month, often relying on short-term coping mechanisms. Savings, when available, are typically used to address emergencies or to support relatives, rather than being invested for future security.

These findings highlight a critical gap: while financial literacy scores improve with age and education, this does not necessarily translate into sound financial behaviour. In particular, long-term financial planning and investment practices remain underdeveloped, leaving employees overly reliant on government-provided retirement benefits.

The Role of Financial Literacy in Affecting Money Management Practices

Before carrying out the verificative analysis, the data collected was first subjected to validity and reliability testing. An item in the questionnaire is considered valid if the calculated **r-value** is greater than the designated r-table value or if the significance level is less than 0.05. Conversely, if the calculated **r-value** is lower than the r-table value or the significance level exceeds 0.05, the item is deemed invalid.

For the financial literacy section, the results show that one item Question 24 was invalid, with a calculated r-value of 0.0854. All other items in this section were valid, as their calculated r-values exceeded the designated threshold. Hence, the questionnaire for financial literacy could still be used for further analysis after excluding the invalid item.

Similarly, in the financial behaviour section, one item Question 4was found to be invalid, with a calculated r-value of 0.042. The remaining items were valid since their r-values were greater than the r-table value or their significance levels were below 0.05. Accordingly, the financial behaviour questionnaire is considered valid overall, allowing for subsequent testing and analysis.

Table5Assessing the Reliability of Financial Literacy

Item	Correlation Coefficient	Item	Correlation Coefficient	Item	Correlation Coefficient
1	.179**	11	.534**	21	.402**
2	.347**	12	.407**	22	.350**
3	.518**	13	.205**	23	.396**
4	.448**	14	.445**	24	.0854
5	.365**	15	.358**	25	.354**
6	.360**	16	.480**		
7	.387**	17	.243**		

Table6Evaluation of Financial Behaviour Validity

Item	Correlation Coefficient	Item	Correlation Coefficient
1	.322**	11	.448**
2	.435**	12	.370**
3	.452**	13	.323**
4	.042	14	.405**
5	.210**	15	.183**
6	.263**	16	.318**
7	.267**	17	.131*
8	.431**	18	.352**
9	.502**	19	.269**
10	.296**	20	.198**

Financial literacy has an alpha Cronbach value of 0.721 and financial behaviour has a value of 0.533, according to reliability assessments of the surveys. Thus, it can be inferred that the financial literacy questions are valid and trustworthy, as the reliability coefficient falls within the range of 0.70 to 0.90 alpha Cronbach, and the financial behaviour questions also fall within the reliability range of 0.50 to 0.70.

Table7 Reliability Test

ReliabilityCoefficient	Score
FinancialLiteracy	.721
FinancialBehavior	.533

A statistical analysis was carried out to investigate the connection between financial literacy and financial behaviour after the invalid questions—Question 24 from the financial literacy part and Question 4 from the financial behaviour section—were removed. At the 5% level of significance, the findings show that the two variables are positively correlated. This conclusion implies that those who are financially literate are more likely to get questions about money right than those who aren't as well-off financially. What this means is that there is a correlation between respondents' level of financial awareness and their level of prudent financial conduct, demonstrating the connection between the two.

Table8.Personal Finance Practices and Knowledge

Variable	Coefficients	P-value
(Constant)	52.851***	.000
Financial_Literacy (X)	.460***	.000
R^2	.056	
F	18.973	

***Significantatthe1% level

**Significant atthe 5% level

*Significantatthe10% level

4. CONCLUSION

On average, public servants in Chhattisgarh exhibit a good level of financial literacy and financial behaviour. However, a portion of respondents still experiences financial difficulties at the end of the month. Financial literacy among employees in career Levels I and II remains very low to fair, while financial behaviour among those aged 46–58 is generally classified as fair. The study also reveals that government employees possess better knowledge of financial products offered by banking institutions—particularly savings and borrowing facilities—than those provided by non-banking financial institutions. As a result, awareness of insurance, investment instruments, and other non-bank financial products remains limited.

Furthermore, most respondents do not practice structured financial planning for long-term income allocation, resulting in suboptimal financial management. Statistical analysis shows that financial literacy positively influences financial behaviour at a 5% significance level. Nevertheless, financial literacy accounts for only 5.6% of the variation in financial behaviour, indicating that other factors also play a substantial role in shaping employees' financial practices. These findings underscore the need for targeted financial education and planning initiatives to improve both literacy and behaviour, particularly among younger and lower-level public servants.

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