

## Financial Management of Peoples of the Rural Konkan Region

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### Abstract

The Konkan region of Maharashtra is predominantly rural in nature, with the livelihood of its people largely dependent on agriculture, fishing, horticulture, and allied activities. In recent years, gradual socio-economic changes such as diversification of income sources, migration, and increasing exposure to formal financial institutions have influenced the financial behaviour of rural households. Financial management plays a crucial role in ensuring economic stability and improving the standard of living, particularly in rural areas where income is often irregular and vulnerable to seasonal and environmental risks. Effective financial inclusion and financial literacy is important for rural development of Konkan region. This study focuses on the financial management practices of people in the rural Konkan region, examining their income patterns, expenditure behaviour, savings and investment habits, access to credit, and level of financial awareness, with the aim of highlighting existing challenges and identifying areas for improvement in rural financial well-being.

**Keywords:** Financial management, Konkan.

### Introduction

The Konkan region of Maharashtra is predominantly rural in nature, with the livelihood of its people largely dependent on agriculture, fishing, horticulture, and allied activities. In recent years, gradual socio-economic changes such as diversification of income sources, migration, and increasing exposure to formal financial institutions have influenced the financial behaviour of rural households. Financial management plays a crucial role in ensuring economic stability and improving the standard of living, particularly in rural areas where income is often irregular and vulnerable to seasonal and environmental risks. Financial management at the household level in rural Konkan reflects both traditional practices and modern influences.

### Objectives of the Study

1. To analyse the sources of income for rural households.
2. To study expenditure and consumption patterns.
3. To assess savings and investment behaviour.
4. To examine credit access and debt management.
5. To evaluate financial literacy and institutional support.
6. To recommend strategies for strengthening financial wellbeing.

### Literature Review:

The study by Tarujyoti Buragohain (2009) examined the trends and patterns of savings, with special focus on household sector savings. It analysed the key determinants of household savings using fundamental economic theory and assessed income elasticity of savings. The findings indicate that household disposable income is a crucial determinant of savings, and household savings tend to increase as income levels rise.

Atul Bhave depicts socioeconomic status of the investors, percentage of income saved, different investment avenues available, period of investment, risk return combination, investors' objectives behind investing and factors affecting investment decisions.

### Research Methodology:

A mixed-method research approach was adopted by integrating both primary and secondary data sources. Primary data were collected through household surveys and interviews, while secondary data were obtained from government reports, academic studies, and financial inclusion databases. A stratified sampling technique was used to select

households from different villages, ensuring representation of diverse income levels and occupational groups. Data collection tools included structured questionnaires and focus group discussions.

### Data Analysis:

#### 1. Primary source sources of income for rural:

Table :1 Primary source sources of income for rural

| Source            | No of Respondents | Percentage  |
|-------------------|-------------------|-------------|
| Agriculture       | 18                | 18%         |
| Daily Wage Labour | 11                | 11%         |
| Fishing           | 23                | 23%         |
| Private Job       | 25                | 25%         |
| Skilled Work      | 13                | 13%         |
| Small Business    | 11                | 11%         |
| <b>Total</b>      | <b>100</b>        | <b>100%</b> |

**Source: Field Survey**

#### Analysis:

The table shows a diversified occupational pattern among 100 respondents. Private jobs are the most common (25%), followed by fishing (23%) and agriculture (18%). Skilled work accounts for 13%, while daily wage labour and small business each represent 11%. Overall, the data indicates a gradual shift from traditional occupations toward salaried employment.

#### 2. Expenditure and consumption

Table 2: Expenditure and consumption (Respondent 100)

|                               | Expenditure (Rs.) | Percentage |
|-------------------------------|-------------------|------------|
| Average Family members        | 05 Persons        | -          |
| Average Monthly Family Income | 17600             | 100%       |
| Food Expenditure              | 8624              | 49%        |
| Education Expenditure         | 1584              | 9%         |
| Health Expenditure            | 1232              | 7%         |
| Transport Expenditure         | 880               | 5%         |
| Other Expenditure             | 2640              | 15%        |
| Total Expenditure             | 14960             | 85%        |
| Monthly Savings               | 2640              | 15%        |

**Source: Field Survey**

**Analysis:** This study shows that Respondent 100, a five-member household earning ₹17,600 monthly, spends 49% on food, 9% on education, 7% on health, 5% on transport, and 15% on other expenses. With 85% of income spent and 15% saved, the household exhibits a balanced, consumption-oriented financial pattern typical of a middle-income family.

#### 3. Savings and investment behaviour:

Table 3: Savings and investment behaviour (Respondent 100)

|                              | No. of Respondent (Yes) | Percentage |
|------------------------------|-------------------------|------------|
| Saving Bank Account          | 83                      | 83%        |
| Savings Habit of Respondents | 66                      | 66%        |

**Source: Field Survey**

**Analysis:** Despite high financial inclusion, regular saving is weak. While 83% have bank accounts, only 66% save consistently, likely due to irregular incomes, high expenses, and limited financial awareness. The findings highlight the need for improved financial literacy, stable incomes, and savings-focused financial products to promote regular saving and investment.

#### 4. Credit access and debt management:

Table 4: Credit access and debt management (Respondent 100)

|                                               | No. of Respondent (Yes) | Percentage |
|-----------------------------------------------|-------------------------|------------|
| Loan taken<br>(Out of 100 respondents)        | 42                      | 42%        |
| Repayment of loan<br>(Out of 100 respondents) | 97                      | 97%        |

**Source: Field Survey**

**Analysis:** In the Konkan region, 42% of respondents have taken loans, but 97% of them repay on time, showing strong financial discipline and effective debt management. While credit use is moderate, responsible repayment may improve future credit access and regional financial stability.

#### 5. Financial literacy:

Table 5: Financial literacy (Respondent 100)

| Financial literacy            | No. of Respondent | Percentage |
|-------------------------------|-------------------|------------|
| Financially literate people   | 40                | 40%        |
| Financial not literate people | 60                | 60%        |
| Total                         | 100               | 100%       |

**Source: Field Survey**

**Analysis:** The financial literacy survey in the Konkan region shows that a majority of the population lacks basic financial knowledge, with only 40% of respondents considering themselves financially literate. This suggests that around two-thirds may struggle with managing finances, making informed investments, or planning for the future. The results underscore the need for targeted financial education programs to boost awareness and improve financial decision-making skills in the region.

#### Findings of the Study:

1. Private jobs are the primary income source for rural households (25%), followed by fishing (23%) and agriculture (18%), with skilled work, daily wage labour, and small businesses contributing smaller shares. Overall, the study indicates a gradual shift from traditional livelihoods toward more stable salaried employment.
2. Households in Konkan area nearly half (49%) income is spent on food, making it the largest expenditure. Overall, about 85% of income is consumed while 15% is saved, indicating a moderately consumption-oriented pattern with limited but regular savings.
3. The study shows that although most respondents (83%) have bank accounts, only 66% save their income, highlighting a gap between financial access and saving behavior. This indicates the need for stronger financial education and savings-focused products to improve long-term financial security.
4. Credit access in the region is moderate, with 42% of respondents having taken loans, and 97% of borrowers repaying on time, indicating strong financial discipline. This high repayment rate reflects good creditworthiness and suggests potential for improved credit access and greater financial stability in the region.
5. Only 40% peoples of Konkan region are financially literate, while 60% lack basic financial knowledge, general they have difficulty in managing investments, finances and future planning. These studies highlight an urgent need for targeted financial literacy programs to enhance financial awareness and decision-making in the region.

**Challenges in Financial Management:****1. Seasonal Income:**

Seasonal income in the Konkan region creates challenges in financial management as irregular cash flows make it difficult for people to plan savings, manage expenses consistently, and meet financial obligations throughout the year.

**2. Cash flow uncertainty:**

Cash flow uncertainty in the Konkan region arises due to seasonal agriculture, irregular employment, and dependence on monsoon-based incomes, making it difficult for people to plan savings, meet expenses, and manage debt consistently.

**3. Dependence on Monsoon:**

A major challenge in the financial management of people in the Konkan region is their heavy dependence on the monsoon, which makes agricultural income unpredictable and leads to irregular cash flow and financial instability.

**4. Crop failure risk:**

high risk of crop failure is a major challenge in financial management for the people of the Konkan region, which leads to unstable incomes and difficulty in planning savings or investments.

**5. Limited Formal Credit:**

A key challenge in the financial management of people in the Konkan region is limited access to formal credit, which restricts their ability to invest, save, and manage financial risks effectively.

**6. Low Financial Literacy:**

Low financial literacy in the Konkan region limits understanding of budgeting, savings, and investments, often resulting in poor debt management, reliance on high-interest loans, and inefficient use of financial resources.

**7. Financial vulnerability:**

People in the Konkan region face financial vulnerability due to irregular, seasonal incomes and limited access to formal credit, making expense management and emergency planning difficult. This leads to reliance on informal lenders, debt cycles, and constrained economic growth.

**Recommendations:**

1. Government should promote diversified livelihoods through skill development, vocational training, and small business support.
2. Peoples of Konkan region should strengthen household budgeting and income management using simple financial tools.
3. Peoples should try to savings through tailored financial products and incentives.
4. Improve access to affordable formal credit via banks, cooperatives, and microfinance.
5. NGOs and financial institute should implement community-based financial literacy programs on budgeting, savings, and debt management.

**Conclusion:**

Financial management in the rural Konkan region remains largely traditional and unstructured, influenced by seasonal incomes, low financial literacy, and limited access to formal financial services. Although government initiatives have improved financial inclusion, significant gaps persist in awareness, savings, and credit access, highlighting the need for stronger financial education and improved banking and digital support to enhance economic resilience and sustainable rural development.

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