



Financial Literacy Among Farmers: A Study on Awareness, Savings, Credit and Insurance

*Aashi Sarva, Dr. Payal Jaiswal and Dr. Subuhi Nishad

Indira Gandhi Krishi Vishwavidyalaya, Raipur (Chhattisgarh), India

*Corresponding Author's email: sarva.aashi@gmail.com

Agriculture is not only a source of livelihood but also a business activity that requires regular financial decisions. Farmers have to purchase seed, fertilizer, pesticides, machinery services and labour inputs before receiving income from the harvested crop. At the same time, farm families have expenditure on food, education, health, housing and social needs. Because agricultural income is often seasonal and uncertain, financial planning becomes particularly important. Financial literacy refers to the ability to understand and use financial information to make appropriate decisions about money. For farmers, it includes knowledge of bank accounts, savings, credit, interest rates, repayment schedules, insurance, pensions, digital payments and protection against financial fraud. Financial literacy does not simply mean having a bank account; it means being able to use financial services safely, effectively and according to one's needs. In rural areas, gaps in financial awareness may lead households to depend heavily on informal borrowing, keep savings in unproductive forms, delay insurance enrolment or use digital services without adequate knowledge of security precautions. Therefore, financial literacy should be treated as an important part of farmer education and rural extension.

Objectives of the Awareness Programme

- To explain the importance of financial literacy for farmers and rural households.
- To create awareness regarding safe and regular saving habits.
- To promote informed use of institutional credit and responsible borrowing.
- To highlight the role of insurance in managing agricultural and household risks.
- To encourage safe use of digital banking and digital payment services.
- To identify common financial-literacy barriers and suggest practical measures through NSS activities.

Major Dimensions of Financial Literacy among Farmers

Awareness about Savings

Saving is the first step towards financial security. Farmers can benefit from maintaining a separate account for farm operations and household needs, planning for seasonal expenses and keeping an emergency reserve. Regular saving, even in small amounts, can reduce dependence on high-cost borrowing during periods of low income. Farmers should compare the features of available regulated savings products and understand basic terms such as balance, interest, minimum requirements and withdrawal rules. Awareness campaigns should also explain the importance of keeping passbooks, transaction records and mobile alerts secure.

Awareness about Credit

Credit is an important input for agriculture, particularly when farmers need funds for seed, fertilizer, irrigation, machinery, livestock or post-harvest activities. Financial literacy helps borrowers understand the difference between principal and interest, the total repayment

obligation, repayment schedule, penalties and documentation requirements. Farmers should be encouraged to approach formal financial institutions and cooperative channels where suitable, compare loan conditions, borrow according to repayment capacity and avoid unnecessary multiple borrowing. Responsible borrowing is as important as access to credit. A farmer should estimate expected income, production costs and repayment capacity before taking a loan. Timely repayment can also support continued access to formal financial services.

Awareness about Insurance

Agriculture is exposed to risks arising from weather events, pests, diseases, accidents and price uncertainty. Insurance can provide financial support when covered losses occur. Farmers need to understand the purpose of insurance, eligibility, premium, coverage, exclusions, claim procedures and the importance of keeping relevant documents and records. Awareness about crop insurance and other suitable protection products should be strengthened through simple local-language explanations and practical examples.

Digital Financial Literacy and Fraud Prevention

Digital finance has made many financial services more accessible, but it has also created new risks. Farmers using mobile banking, UPI, ATMs or internet-based services should know basic safety practices. PINs, passwords, OTPs and other confidential credentials should never be shared with unknown persons. Users should verify the recipient before making a payment, avoid unknown links and applications, and immediately report suspicious transactions through the appropriate official channel. NSS volunteers can conduct live demonstrations on safe digital payments, identification of suspicious calls and messages, and basic steps for maintaining account security. The objective should be confidence-building rather than simply promoting technology.

Major Problems Affecting Financial Literacy among Farmers

- Limited awareness of formal financial products and their terms and conditions.
- Dependence on informal sources of credit because of convenience or lack of information.
- Low understanding of interest rates, repayment schedules and the total cost of borrowing.
- Limited awareness of insurance coverage, exclusions and claim procedures.
- Documentation and procedural difficulties while accessing formal financial services.
- Limited digital skills and fear of making mistakes in mobile or online transactions.
- Risk of cyber fraud, fake calls, phishing links and unauthorized transactions.
- Irregular income and low saving capacity among financially vulnerable farm households.
- Limited availability of simple, local-language financial education at the village level.

Role of NSS in Promoting Financial Literacy

The National Service Scheme can act as a bridge between financial institutions, extension agencies and rural communities. NSS volunteers can translate complex financial concepts into simple, practical messages and take them directly to villages. Financial-literacy activities can be integrated into NSS special camps, village adoption programmes, farmer meetings and community outreach programmes.

- Organize village-level financial literacy camps in collaboration with banks, cooperatives and relevant extension agencies.
- Conduct question-and-answer sessions on savings, credit, insurance, digital payments and fraud prevention.
- Use posters, pamphlets, street plays, short videos and local-language demonstrations to reach different age groups.
- Demonstrate safe use of ATMs, UPI and mobile banking without asking participants to disclose confidential information.
- Help farmers understand basic loan documents, repayment schedules and insurance-related information.
- Promote household budgeting, emergency savings and responsible borrowing.

- Establish a simple financial-literacy help desk during NSS camps for guiding farmers towards appropriate official services.
- Encourage women and young members of farm households to participate in digital and financial education.

Suggested Awareness Session for an NSS Special Camp

Session	Topic	Practical Activity
I	Savings & budgeting	Prepare a simple monthly farm-household budget
II	Credit & interest	Explain principal, interest and repayment with an example
III	Insurance	Explain coverage, premium, documents and claim awareness
IV	Digital finance	Demonstrate safe UPI/ATM practices
V	Cyber safety	Identify fake calls, links and OTP scams
VI	Interaction	Farmer questions and referral to appropriate official channels

Suggestions

- Financial-literacy messages should be delivered in simple local language with practical examples.
- Banks, cooperative institutions, agricultural extension agencies and NSS units should jointly conduct regular village campaigns.
- Special attention should be given to small and marginal farmers, women farmers and elderly rural households.
- Digital-finance demonstrations should always include cyber-safety precautions.
- Farmers should be encouraged to maintain transaction records, important documents and emergency contact information safely.
- Awareness should focus on responsible borrowing rather than simply increasing access to loans.
- Insurance education should clearly explain coverage, exclusions, deadlines and claim procedures.
- Financial-literacy activities should be repeated periodically because one-time awareness programmes may not be sufficient to change behaviour.

Conclusion

Financial literacy is a powerful tool for strengthening the economic resilience of farming households. Knowledge about savings, institutional credit, insurance and digital finance enables farmers to plan their finances, manage risks and make better decisions. At the same time, financial inclusion becomes meaningful only when people can use financial services confidently and safely. NSS has a valuable role in converting financial-literacy concepts into community-level action through awareness camps, demonstrations, peer learning and collaboration with local institutions. A sustained financial literacy movement can help rural families reduce avoidable financial risks, improve savings behaviour, use formal credit responsibly and protect themselves from digital fraud. Thus, financial literacy should be promoted as an important component of farmer empowerment and inclusive rural development.

Key Message for Farmers

- Save regularly
- Borrow responsibly
- Insure wisely
- Use digital finance safely

