COMPARATIVE ANALYSIS OF FINANCIAL LITERACY AMONGST YOUTHS IN INDIA

Dr. Jai Prakash

Associate Professor
Department of Commerce
D A V College, Kanpur.

ABSTRACT

Financial literacy plays an important role in the socio economic development of a country besides political and legal. Women play an important role in the economic development of the country. In India as 50% population are women their contribution to the economic growth is a must. Women must be literate to be economically strong. Women's education is essential for improving their status in the society and also to make them empower.

Keywords: Literacy, Finance, Economic Growth.

INTRODUCTION

Financial literacy is about education and understanding of various financial areas includingtopics related to managing personal finance, money and investment. Financial literacy in generalrelated to managing personal budgets, taking proper and efficient decisions related to one's own finances such as investment, purchasing or investing in real estate , education for their children and saving for future. It is also related to knowledge about calculating simple and compound interest, managing their debts, techniques related to savings and spending and proper utilization of their money. The lack of financial literacy may lead to making poor financial choices that can have negative consequences on the financial well-being of an individual. Financial literacy is a way through which individuals can improve their knowledge related to various concepts in finance, financial markets and financial products such as shares, bonds and mutual funds andtake proper decision to improve their financial status and to avoid financial instability

Financial literacy is a combination of awareness, attitude and information about financial products and services through which one can take proper and god decisions related to finance. Financial literacy indicates awareness of financial products. Financial literacy depends on how one manages his own money and how efficiently utilizes financial resources for the growth and welfare of oneself, his business and family as a whole. Samriti Kamboj stated financial literacyas a way to acquire full knowledge and understanding on various concepts of finance such as how much to

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save from your earning, how to prepare budget for future and daily expenditure, investing confidently for making good decisions in the financial markets to manage personal financial resources effectively. Financial literacy is the education and understanding of knowing how money is made, spent and saved, as well as the skills and ability to use financial resources to make decisions. These decisions include how to generate, invest, spend and save money. It is to understand how money works in a business and in personal life.

CONCEPT OF FINANCIAL LITERACY:

Financial literacy is mainly related with decisions related to personal financial matters. But with the economic and market growth financial literacy has gained much more importance. To know where to invest and how to increase and safeguard our savings financial literacy is a must. A financially literate person knows much better to put his hard earn money to gain maximum returns. The dimensions are financial knowledge, financial behavior and financial attitude. The concept of financial literacy is very complicated, and it is important to understand its fully. Financial choices will get affected due to illiteracy but its nature and expression will change with the situation. Less awareness about financial products and services and their risk return framework is one common factor of financial illiteracy that is widely observed.

RESEARCH OBJECTIVE:

- To know the impact of financial literacy on women.
- To track the association of socio economic variables with financial literacy.

DESIGN:

The research design is framed after review of literature has been done. As the research is a primary survey and the data is collected by using the questionnaire and the sample has been done by using the convenient sampling. The sample size of the study is 450 women

DATA ANALYSIS AND INTERPRETATION:

Data analysis done in this study is quantitative in nature which consists of Descriptive analysis, Explorative analysis and Inferential analysis. In descriptive data analysis we summarize the basic features of the variables in the sample data. In explorative data analysis we shall visualize the trends and patterns in variables and checking the assumptions of the models. 75 questionnaires were distributed in each area using non-probability sampling techniques.in total, 150 respondents were selected and required information was collected from them personally, with the help of a non- disguised and pre-tested structured questionnaire.

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The current study adopts the OECD framework for the questionnaire. A performance test is also conducted in order to measure the basic financial literacy of the respondents. It includes questions about interest rate, compounding, inflation effects, time value of money, risk diversification etc. In order to analyze data, various response categories for financial literacy statements were assigned scores.

The scoring pattern is as follows:

- Correct answer – 3

- Do not know   – 2

- Wrong answer – 1

Do not know answers are given higher scores because admitting doesn't know is something less dangerous than not knowing something and claiming the opposite. With this scoring scheme, individuals can score a maximum of 30 (all correct answers) and a minimum of 10 (all wrong answers).Respondents who scores 25 and above (approximately 83% and above) are considered to have sound financial literacy. Those with scores ranging from 20 to 24 (approx. 67% to 83%) are considered to have fair financial literacy. Those with score below 20 (below 67%) are considered as having poor financial literacy.

## OBSERVATION AND DATA ANALYSIS:

Information regarding residential location, age, marital status, family size, monthly income, educational qualification, and occupation are presented in Table .

| Socio economic	Type	Number of respondents	Percentage
Residential location	Rural	75	50
	Urban	75	50
	Total	150	100
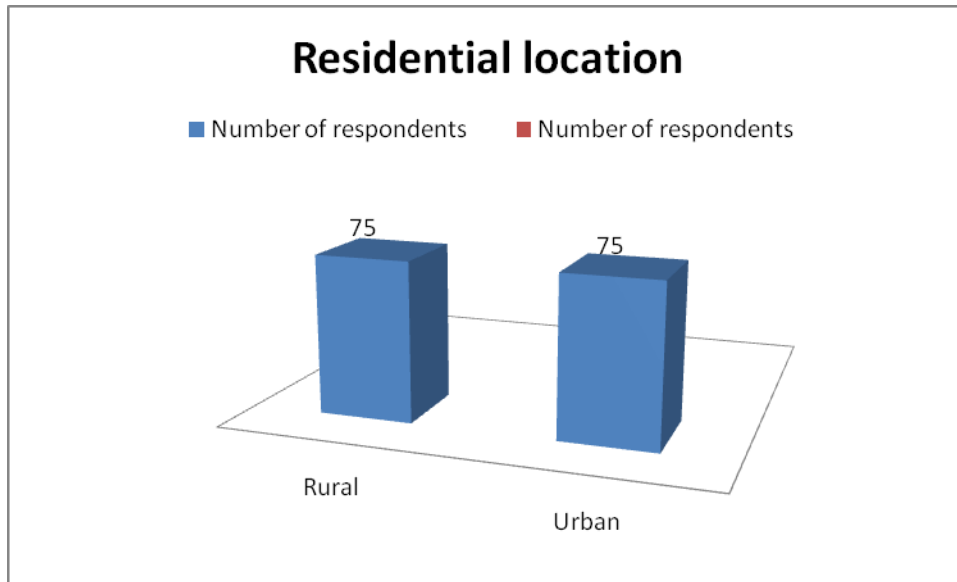
Regarding the residential location of the respondents, it has been observed that out of 150 respondents, 75 respondents (50 percent) were from the rural area and the remaining 75 (50 percent) from the urban area. That is equal share of samples have been taken from both the rural and urban areas.

|		Rural	Urban	Total
Age	18-30	21 (28%)	18 (24%)	39 (26%)
(years)	31-40	13 (17%)	7 (9%)	20 (13%)
	41-50	30 (48%)	30 (40%)	60 (40%)
	51-60	11 (15%)	20 (27%)	31 (21%)

Age (years)

Rural   Urban
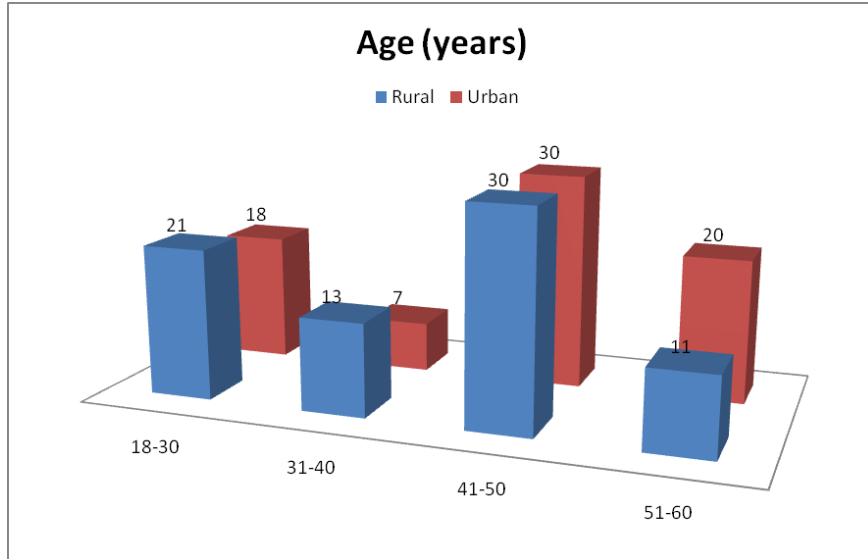
Regarding the age range of the respondents, it has been found that 39 (26 percent) respondents belong to the age group of 18-30 years, 20 (13 percent) were from the age group 31-40 years, 60 (40 percent) respondents belong to the age group of 41-50 years and the remaining 31 (21 percent) respondents belong to the age group of 50-60 years. It can be observed here that, majority of the respondents belong to the age group of 41-50 years. Region wise distribution of respondents on the basis of their age is given below.

		Rural	Urban	Total
Marital status	married	44 (58%)	59 (78%)	103 (68%)
	single	17 (23%)	11 (15%)	28 (19%)
	Separated/widowed	14 (19%)	5 (7%)	19 (13%)

### Marital status

Rural   Urban

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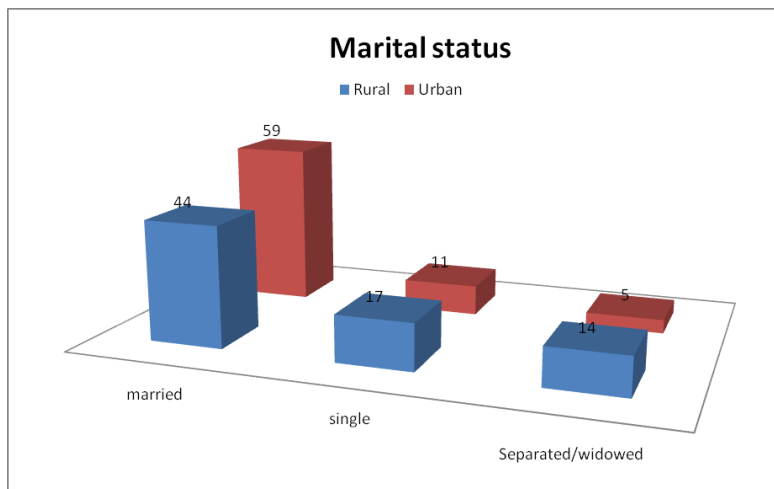
On analyzing the marital status, it is seen that 103 (68 percent) respondents were married, 28 (19 percent) were single and 19 (13 percent) were separated or widowed. The share of married respondents is more in the urban area as compared to the rural area. But the share of single and separated or widowed respondents is seen more in the rural areas.

|		Rural	Urban	Total
Family size	Up to 5 members	55 (73%)	51 (68%)	106 (71%)
	More than 5 members	20 (27%)	24 (32%)	44 (29%)
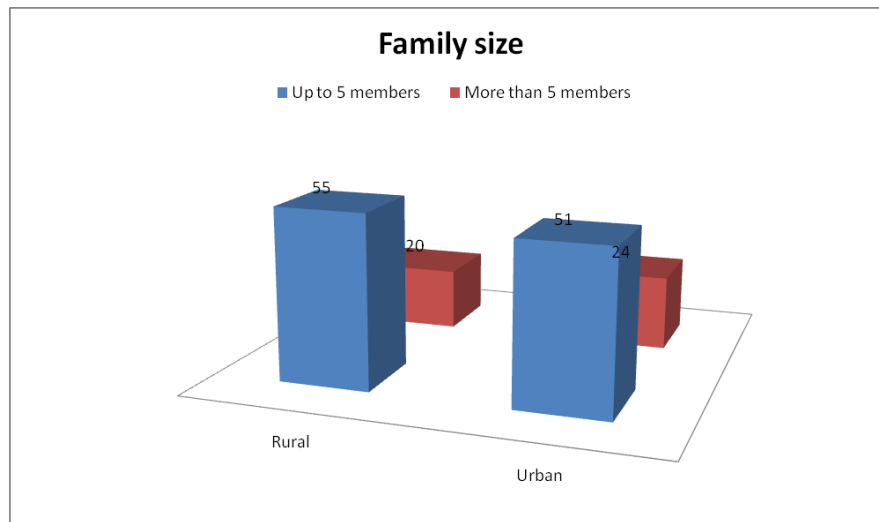
Regarding the family size of the respondents, it has been observed that 106 (71 percent) respondents had a family size of up to 5 members while 44 (29 percent) had a family size of more than 5 members in their family. This indicates that most of the respondents run a nuclear family.

|		Rural	Urban	Total
Monthly income	Up to 10000	32 (43%)	9 (12%)	41 (27%)
	10000-50000	35 (47%)	37 (49%)	72 (48%)
	More than 50000	8 (10%)	29 (39%)	37 (25%)
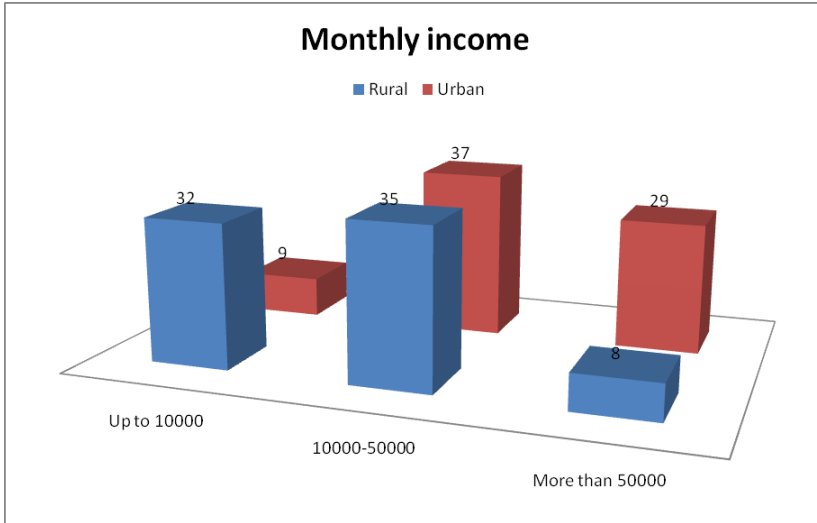
Monthly income

In case of the monthly income of respondents, 41 (27 percent) respondents had a monthly income of below Rs.10000. 72 (48 percent) of them had a monthly income between Rs. 10000- 50000 and the rest 37 (25 percent) respondent's monthly income was above Rs.50000.That is, almost 50 percent of the respondents had a monthly income between Rs. 10000 and Rs. 50000.

		Rural	Urban	Total
Educational qualification	Above PG	5 (7%)	7 (9%)	12 (8%)
	PG	8 (11%)	19 (26%)	27 (18%)
	UG	12 (16%)	30 (40%)	42 (28%)
	HSC	18 (24%)	15 (20%)	33 (22%)
	SSLC	18 (24%)	4 (5%)	22 (15%)
	Below SSLC	14 (18%)	0 (0%)	14 (9%)

Educational qualification
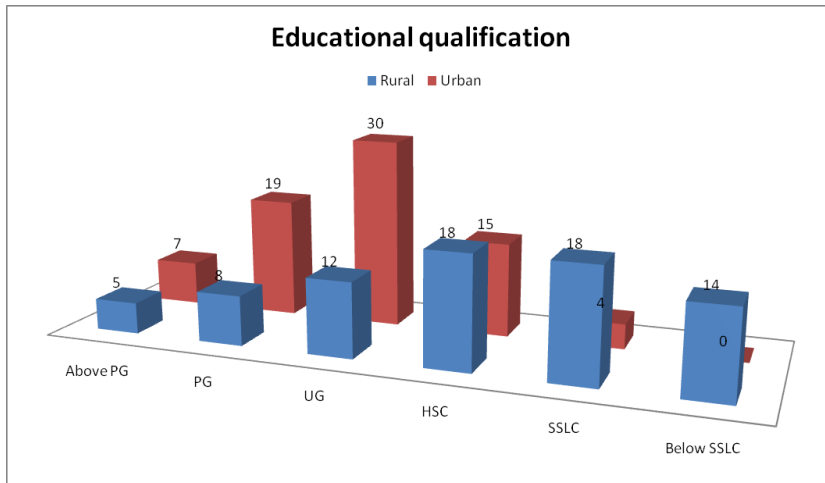
While considering the educational qualification of the respondents, about 12 (8 percent) respondents were highly educated (above Post Graduation). 27 (18 percent) respondents were Post Graduates, 42 (28 percent) of them were under graduates, 33 (22 percent) were educated up to 12th standard (HSC), 22 (15 percent) were educated only up to 10th standard and theremaining 14 (9 percent) had only high school or primary level education. The share of respondents above Post Graduation, Post-Graduation and Under Graduates were more at urban area and the share of Higher Secondary, SSLC (10th), and below SSLC respondents were moreat the rural area. No respondents qualified below SSLC were seen at the urban area.

		Rural	Urban	Total
Occupation	Self employed	1 (1%)	15 (20%)	16 (11%)
	In paid employment	33(44%)	30 (40%)	63 (42%)
	Looking for work	7 (9%)	4 (5%)	11 (7%)
	Looking after home	25(33%)	18 (24%)	43 (29%)
	Retired	3 (5%)	5 (7%)	8 (5%)
	Student	6 (8%)	3 (4%)	9 (6%)
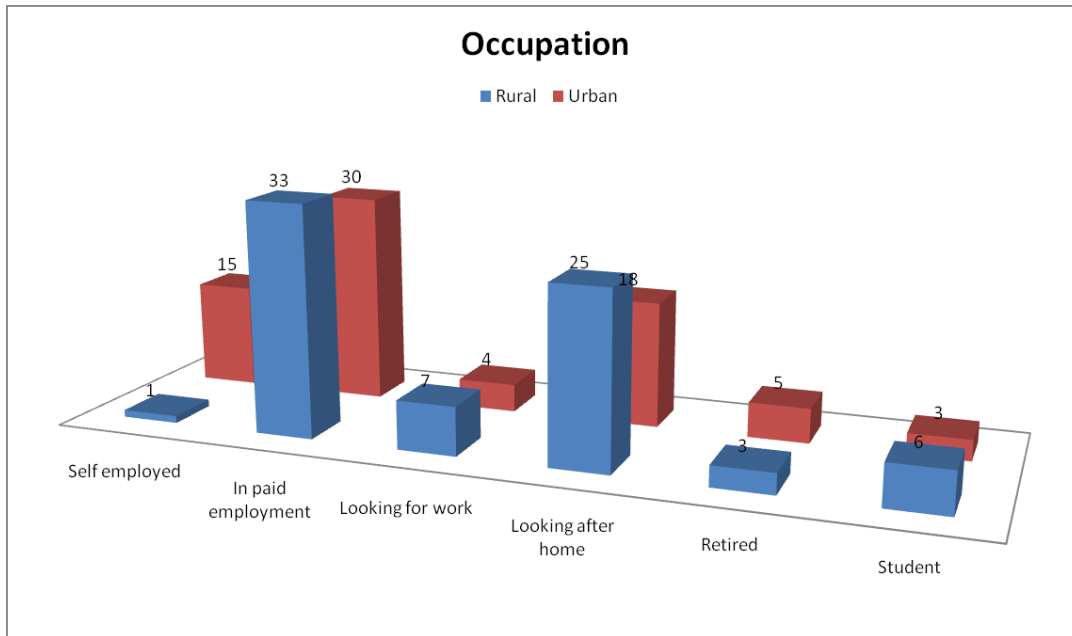
And finally, regarding the occupation of the respondents, 16 (11 percent) of the total respondents were self-employed, 63 (42 percent) of them were in-paid employees, 11 (7 percent) of them do not have any job currently and they were looking for work. 43 (29 percent) respondents were looking after their home, 8 (5 percent) respondents were retired employees and 9 (6 percent) were students. It is found out that more than 40 percent of the respondents were in-paid employees followed by those who look after home. The share of self-employed rural respondentsis too low as compared to that of the urban respondents.

Table II: Financial literacy of respondents

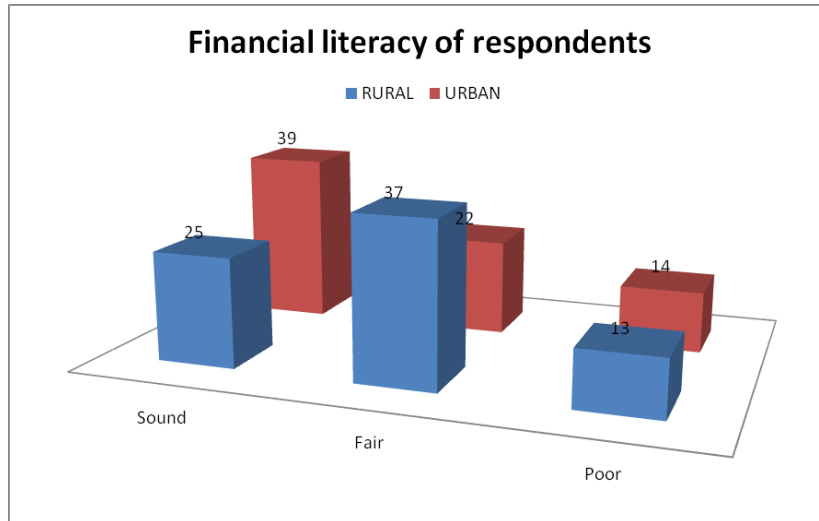|	RURAL	URBAN	TOTAL
Sound	25(33%)	39(52%)	64(43%)
Fair	37(49%)	22(29%)	59(39%)
Poor	13(18%)	14(19%)	27(18%)

Table II shows the level of financial literacy among the surveyed respondents. It is observed from the table that 43 percent respondents were having sound financial literacy, 39 percent were having fair financial literacy, and 18 percent have poor level of financial literacy. In case of rural sample, 25 (33 percent) respondents have sound financial literacy, 37 (49 percent) have fair financial literacy and 13 (18 percent) have poor financial literacy. In the urban sample, 39 (52 percent) were having sound financial literacy, 22 (29 percent) have fair level and 14 (19 percent) have poor level of financial literacy.

CONCLUSION

The findings from this study confirm that financial literacy is composed of a combination of knowledge, skills, and dispositions that appear to be gender-related and that also appear to be related to access to varying types and levels of financial resources. It was found from the study that women have a reasonably fair level of financial literacy. Out of the various socio demographic variables analyzed, it has been found out that educational qualification, occupation, monthly income and residential location. Women who are highly educated, well employed with a high monthly income and are living in the urban areas are found to have higher levels of financial literacy than others. But initiatives must be taken to improve these levels further.

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