



Management

**A STUDY ON FINANCIAL LITERACY AMONG THE GRADUATE AND  
POST GRADUATE STUDENTS WITH SPECIAL REFERENCE TO  
VERAVAL CITY**



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**Abstract**

In current era no one can deny the importance of proper decision making in the finance sector. If one is not having enough financial literacy how can he plan for the secure future! Especially when we talk about the literacy among the students that is always a big matter because ultimately they are the future of the country. So with the book knowledge they have to gain the financial knowledge of the market. Then only they can prepare strategic planning and work in that way. Current study is mainly focus over that. I have taken 135 students as a sample. For the study purpose I focus mainly four factors: Investment preference, gender, caste category and location of respondent along with the major factor financial literacy. Analysis shows enough knowledge of respondent in different areas.

**Keywords:** Decision Making; Financial Literacy; Knowledge; Students; Understanding.

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**1. Introduction**

Taking a financial decision requires some homework from the side of the person who is going to take it. A well informed person is always a better player in the field of finance. Market is the full of uncertainties. A person cannot ignore it but defiantly beat it with the weapon of the knowledge. Financial literacy focuses on the proper management of the fund in the efficient manner. It involves the financial planning, time value of money, savings, investments, interest rates, management of debt.

A study says that lack of financial literacy leads to a person on the way of negative consequences. Now a day’s government also plays a vital role in educating the people for the different financial areas. That creates the effective impact over the middle class and lower class people.

It's always very interesting to check the financial knowledge of the students. Especially when it comes to the graduate or post graduate students. Because after the academic's they will enter in to practical field where they have to take plenty of financial decisions.

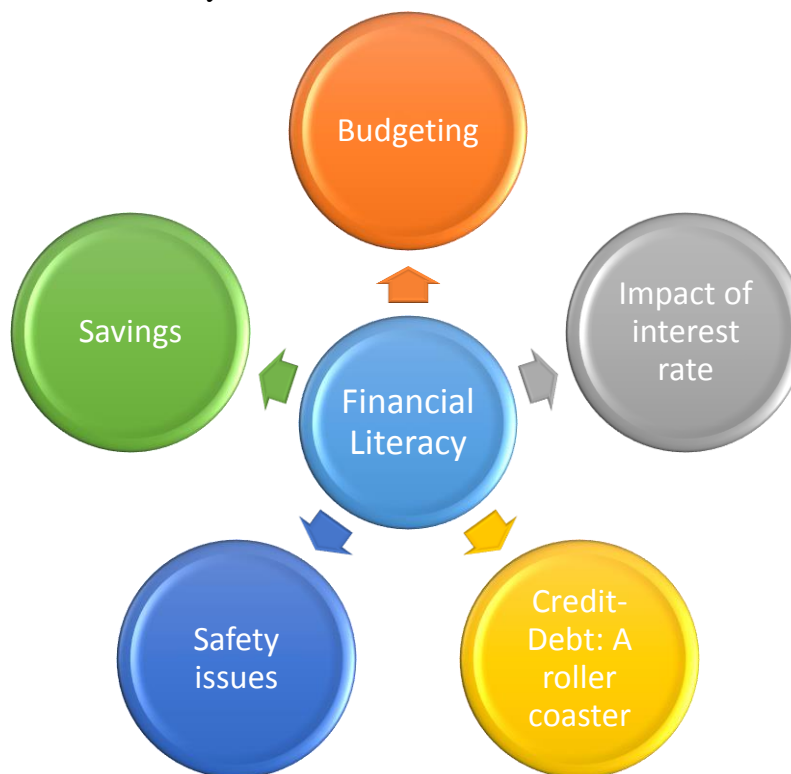
## 2. Concept of Financial Literacy

Financial literacy can be defined as the possession of the knowledge regarding the financial areas which makes them comfortable while taking financial decisions.

It is the proper awareness about all the financial resources a person may possess.

It makes a person capable enough for achievement of the financial stability. This type of skill is helpful for preparing the road map for the person regarding what he earns, what he spends and what he saves.

Components of Financial Literacy



## 3. Literature Review

**Blessy Roy and Dr. Ruchi Jain (May. 2018)** their focus was on financial literacy among the Indian women. Their research objectives were, To examine the level of working women in Jaipur in basic banking knowledge & fundamentals of financial concept., To analyze the awareness of women in financial products and services., To study the need of women in making a wise judgment in relation to their saving and Investment activities., To study the acquaintance of capital markets and government schemes with various budgeting habits. Around 150 respondents have been

measured to make the study effective. During the research work following set of questions was asked from the working women belonging to the Jaipur city. These questions were asked from around 150 respondents out of which 100 replied accurately and accordingly only responses of 100 respondents were taken for analysis and interpretation. Results from the analysis have revealed that the working women of Jaipur including those living in urban areas are not aware of different financial concept and many of them do not consider it important. The major reason behind this is that females are highly ignorant about the recent financial innovations in the market.

**Dr. J. Gajendra Naidu (August 2017)** had studied the financial literacy in India and the paper was published in the International Journal of Research in Business Studies and Management. His core objective was to understand the literacy level in India by using literature based analysis. The study was qualitative and literature based exploration. Data composed from secondary sources which comprise research articles, websites, newspaper articles, reports and Journal articles.

**U.C. EDIRISINGHE, Y.M.S. KEERTHIPALA, A. R. AMARASINGHE (Jul.-2017)** they research on financial literacy and financial behaviour of management undergraduates of Sri Lanka. They covered the population of all the undergraduate of Sri Lanka following bachelor's degree in Management Field. Out of 15 government universities of Sri Lanka 12 universities offer Management degree programs. Total 223 students were conveniently selected from three universities, Sabaragamuwa University of Sri Lanka, University of Peradeniya and Rajarata University. Pearson correlation and regression Analysis were used to measure the relationship between financial literacy (independent variable) and financial behaviour (dependent variable) the conclusion was The levels of financial literacy of the students of the three selected universities in Sri Lanka in moderate level with an average value of 58.74% and a median of 60%. Analysis shows that financial behavior as whole has significant positive correlations with all the dimensions of financial literacy.

**Sangeeta Gupta (January – 2017)** had published the paper on To measure the levels of Financial literacy among individuals of Delhi in the Indian journal of research. Her study aims to measure financial literacy level of people of Delhi. For the fulfilment of the study following objectives were formed: 1. To measure the financial literacy of people of Delhi. 2. To study the association between levels of financial literacy and demographic and socio-economic factors. A total of 120 questionnaires were distributed, out of this, only 100 questionnaires were filled up and completed in all respect the questionnaire is divided into subsections; first section is intended to collect demographic and socio-economic data related to the respondents. The second section measures the respondent's basic and advanced financial literacy through 50 questions. The conclusion was Overall financial literacy level of the respondents can be concluded as low. The level of financial literacy among male respondents is more than the female respondents this may be due to the decision making power is in the hands of the male members of the family whereas the age of the respondents does not play any significant role in the financial literacy level of the people. The respondents who are having low income are having low level of financial literacy as compare to the respondents having high level of earning.

**Ms.Priyanka Agarwal, Radhika Choudhary Kureel and Dr.Suman Yadav (2017)** jointly worked on the topic named “A Study on Future Plan for Increasing Financial Literacy among People”. Their objectives were to Study the initiative taken by Financial Regulators in India, to

provide future plan for increasing financial literacy among people through proposed School level Curriculum, to analyze the impact of proposed School level Curriculum on Financial Literacy among people. They studied the initiative taken by different financial institutions including OECD, RBI, SEBI, IRDA, PFRDA etc. To conclude the topic they deliver the statement that if our youth will be educated about financial literacy, then this will be beneficial for our society, individual and whole community but very fewer people are aware about it. When our youth will gain the required skill then this will bring positive attention to the school as well as community.

**Gulnoza Isomidinova and Jugindar Singh Kartar Singh (2017)** had studied the Determinants of financial literacy: a quantitative study among young students in Tashkent, Uzbekistan. Their hypothesis were Financial education is positively related to financial literacy of students., Socialization agents are positively related to financial literacy of students, Money attitude is positively related to financial literacy of students. The target population in research covered all university students in Uzbekistan. A survey method was used to collect data using a self-administered questionnaire, the sample size for survey was set at 110 respondents. The results of this study revealed that Financial Education has the highest influence on Financial Literacy of students in Uzbekistan

#### **4. Objective of the Study**

I worked under the following key objectives of the study.

- 1) To check the financial literacy among the students.
- 2) To know the financial decision making attitude of the young people of the country.
- 3) To understand the level of the student's mental ability regarding the real financial exposures lies in the market.
- 4) To check the financial knowledge and to check either the students are enough conscious regarding the savings, investments, etc type of issues.
- 5) To connect various factors with financial literacy.

#### **5. Research Methodology**

For the purpose of analysis I prepared the questioner and filled up with the students. Data was gathered from total 135 students for the study purpose.

#### **6. Data Analysis and Interpretation**

I have asked five different questions to the students to get the data regarding their financial knowledge. Each five questions were given points 1 to 5. Based on that I made total of the score and then established co relation between financial knowledge and other factors. Following are the five hypothesis I set for study.

- H1 - There is a relationship between financial literacy and gender of the students (literacy- gender)  
H2 - There is a relationship between financial literacy and investment behaviour of the students (literacy- investment)

H3 - There is a relationship between financial literacy and Social class of the students (literacy-social class)

H4 - There is a relationship between financial literacy and location of the students (literacy-location)

To check financial literacy I asked following five questions.

**1) Personal financial planning involves.**

- Minimizing expenses (1 Point)
- Establishing an adequate financial record keeping. (2 Points)
- Preparing plans for future financial needs and goals (3 points)
- Both A and C (4 points)
- All of these (5 points)

**2) You will improve your creditworthiness by..?**

- Visiting your local commercial bank. (1 Point)
- Donating money to charity. (3 Points)
- Borrowing large amounts of money from your friends. (2 Points)
- Showing no record of defaults. (5 Points)
- Paying cash for all goods and services. (4 Points)

**3) The main reason to purchase insurance is to..?**

- Protect you from a loss recently incurred. (5 Points)
- Protect you from sustaining a future loss (4 Points)
- Provide you with excellent investment returns. (3 Points)
- Decrease the chances of accidents. (2 Points)
- Improve your standard of living by filing fraudulent claims (1 Point)

**4) Personal finance literacy can help you**

- Avoid being victimized by financial scams. (3 Points)
- Buy the right kind of insurance to protect you from catastrophic risk. (2 Points)
- Learn the right approach to invest for your future needs. (1 Point)
- Lead a financially secure life through forming healthy spending habits. (4 Points)
- Do all of the above (5 Points)

**5) Micro insurance is meant for**

- Poor People (4 Points)
- Rural Area (2 Points)
- Urban Area (1 Point)
- Involves Small amount (3 Points)
- Both A and D. (5 points)

**7. Findings**

I used the chi-square test of independence for the research purpose. And the results were as follows.

H1 - There is a relationship between financial literacy and investment behaviour of the students (literacy- investment)

| Financial literacy       | Score between 5-10   | Score between 10-15  | Score between 15-20    | Score between 20-25   | Total |
|--------------------------|----------------------|----------------------|------------------------|-----------------------|-------|
| <b>INVESTMENT Avenue</b> |                      |                      |                        |                       |       |
| Fixed Deposit            | 5<br>3.41<br>( 0.74) | 5<br>3.70<br>( 0.45) | 5<br>8.74<br>( 1.60)   | 5<br>4.15<br>( 0.17)  | 20    |
| Mutual Fund              | 5<br>5.28<br>( 0.02) | 5<br>5.74<br>( 0.10) | 15<br>13.55<br>( 0.16) | 6<br>6.43<br>( 0.03)  | 31    |
| Gold                     | 5<br>5.79<br>( 0.11) | 5<br>6.30<br>( 0.27) | 14<br>14.86<br>( 0.05) | 10<br>7.05<br>( 1.23) | 34    |
| Real Estate              | 4<br>4.26<br>( 0.02) | 5<br>4.63<br>( 0.03) | 12<br>10.93<br>( 0.11) | 4<br>5.19<br>( 0.27)  | 25    |
| Govt. papers             | 4<br>4.26<br>( 0.02) | 5<br>4.63<br>( 0.03) | 13<br>10.93<br>( 0.39) | 3<br>5.19<br>( 0.92)  | 25    |
|                          | 23                   | 25                   | 59                     | 28                    | 135   |

Result: The Chi-square statistics is 6.708. The p value is 0.8763. The result is significant at  $p > .05$ . Hence H0 Accepted.

H2 - There is a relationship between financial literacy and gender of the students (literacy- gender)

| Financial literacy | Score between 5-10     | Score between 10-15    | Score between 15-20    | Score between 20-25    | Total |
|--------------------|------------------------|------------------------|------------------------|------------------------|-------|
| <b>GENDER</b>      |                        |                        |                        |                        |       |
| MALE               | 12<br>11.93<br>( 0.00) | 11<br>12.96<br>( 0.30) | 34<br>37.31<br>( 0.01) | 13<br>30.59<br>( 0.38) | 70    |
| FEMALE             | 11<br>11.07<br>( 0.00) | 14<br>12.04<br>( 0.32) | 25<br>28.41<br>( 0.41) | 15<br>13.48<br>( 0.17) | 65    |
| Total              | 23                     | 25                     | 59                     | 28                     | 135   |

Result: The Chi-square statistics is 1.736. The p value is 0.6289. The result is significant at  $p > .05$ . Hence H0 Accepted.

H3 - There is a relationship between financial literacy and Social class of the students (literacy- caste category)

| Financial literacy    | Score between 5-10           | Score between 10-15          | Score between 15-20           | Score between 20-25          | Total |
|-----------------------|------------------------------|------------------------------|-------------------------------|------------------------------|-------|
| <b>Caste category</b> |                              |                              |                               |                              |       |
| SC                    | 10<br><i>6.81</i><br>( 1.49) | 11<br><i>7.41</i><br>( 1.74) | 8<br><i>17.48</i><br>( 5.14)  | 11<br><i>8.30</i><br>( 0.88) | 40    |
| ST                    | 7<br><i>5.11</i><br>( 0.70)  | 8<br><i>5.56</i><br>( 1.08)  | 7<br><i>13.11</i><br>( 2.85)  | 8<br><i>6.22</i><br>( 0.51)  | 30    |
| OBC                   | 3<br><i>4.77</i><br>( 0.66)  | 3<br><i>5.19</i><br>( 0.92)  | 17<br><i>12.24</i><br>( 1.85) | 5<br><i>5.81</i><br>( 0.11)  | 28    |
| GENERAL               | 3<br><i>6.30</i><br>( 1.73)  | 3<br><i>6.85</i><br>( 2.17)  | 27<br><i>16.17</i><br>( 7.25) | 4<br><i>7.67</i><br>( 1.76)  | 37    |
| Total                 | 23                           | 25                           | 59                            | 28                           | 135   |

Result: The Chi-square statistics is 30.8374. The p value is 0.0003. The result is NOT significant at  $p < .05$ . Hence H0 Rejected.

H4 - There is a relationship between financial literacy and location of the students (literacy-location)

| Financial literacy | Score between 5-10            | Score between 10-15           | Score between 15-20           | Score between 20-25           | Total |
|--------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------|
| <b>LOCATION</b>    |                               |                               |                               |                               |       |
| Rural              | 5<br><i>2.56</i><br>( 2.34)   | 5<br><i>2.78</i><br>( 1.78)   | 2<br><i>6.56</i><br>( 3.17)   | 3<br><i>3.11</i><br>( 0.00)   | 15    |
| SEMI Rural         | 7<br><i>4.77</i><br>( 1.04)   | 5<br><i>5.19</i><br>( 0.01)   | 5<br><i>12.24</i><br>( 4.28)  | 11<br><i>5.81</i><br>( 4.64)  | 28    |
| Urban              | 11<br><i>15.67</i><br>( 1.39) | 15<br><i>17.04</i><br>( 0.24) | 52<br><i>40.21</i><br>( 3.46) | 14<br><i>19.08</i><br>( 1.35) | 92    |
| Total              | 23                            | 25                            | 59                            | 28                            | 135   |

Result: The Chi-square statistics is 23.707. The p value is 0.0006. The result is NOT significant at  $p < .05$ . Hence H0 Rejected.

## 8. Limitation of the Study

The paper consist some of the major limitations which is lies during the analysis and collection of data phase.

- 1) It shows the subjectivity. This makes the study unreliable.
- 2) Time constraint was the big issue.
- 3) Limited sample can also taken as a big limitation
- 4) Some unawareness regarding the topic may create the roadblock in the proper interpretation.

## 9. Conclusion

After all above calculations I reached to some conclusions. Out of four hypotheses two alternative hypotheses accepted. I.e. caste category and location of respondents were related with the financial literacy of the student. In case with investment preference and gender it had negative result. Moreover the core research of my paper proves that there is enough financial literacy among the students. That is very impressive matter.

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