



A STUDY ON FINANCIAL LITERACY AMONG STUDENTS IN GOPALAN COLLEGE OF COMMERCE

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ABSTRACT:

Financial literacy in India has given a topmost priority, the financial literacy is the money management education, and a personal financial management. Students will get to know how to generate income, savings, investment, budgeting and also to spend money after using for all of his expenses and expenditure. This study helps students to know the importance of money management and education of money, which directly or indirectly help our country to gain knowledge of spending and saving their money. The main objective of this research paper is to study about awareness of financial literacy among students in “Gopalan College of commerce”. This study is mainly to analyze the level of financial literacy among students. This research information was mainly gathered by collecting primary and secondary data with respect of 50 respondents with the help of questionnaire and has been analyzed through statistical analysis and tools.

Key words: Financial literacy, Students, Savings and Money Management.

INTRODUCTION:

Financial literacy in India has given a top most priority, because every country's economic growth is directly proportional to financial literacy.

Financial literacy is nothing but, a personal financial management. Moreover, it is the money management education of knowing how to generate income, save the money, invest and also to spend money. It helps in gaining knowledge of individuals by providing a clear understanding of using their skills and abilities to take effective decisions on money management. Financial literacy is totally related to individual's income, their savings, earnings, investments and also their expenditures.

In India financial literacy is very important, according to accredited finance literacy survey India covers only 24% in financial literacy rate. It means the rest of 76% of the population in India is financially illiterate because, of this India is unable to grow or to compete with other developed countries, and still is India is developing country. So, to develop our country, it is important to know the true value of financial literacy in India. It is important for every country to be financially literate in order to achieve financial freedom and stability in life. No country can progress and prosper if the population of the country is not financially literate. And have no skills in money management. India has a greater

chance of progress and prosperity if every individual in our country is financially literate. This research mainly focuses on financial literacy among students in the Gopalan College of Commerce. Because young students or young individuals are the future citizens of India. If they are financially literate, then they will be able to achieve their goals relating to money and also directly or indirectly contribute towards economic growth.

OBJECTIVE OF STUDY:

- 1.To determine the level of financial knowledge among the students.
- 2.To analyze the money management skills possessed by Students.
- 3.To understand the challenges and goals they have with financial matters.
4. To suggest measures so as to increase the Financial Literacy and awareness among the students.

Literature Review: -

1. Studies by Marcolin and Abraham (2006); Schuchardt et al., (2008); Remind (2010) and Huston (2010) found that despite the rapid growth of interest in and funding for financial literacy and financial education programs, it remains the case that the field of financial literacy has a major obstacle to overcome: the lack of a widely disseminated measure of financial literacy, developed through rigorous psychometric analyses.

2. Michael (2009) argues that a lack of financial literacy can hamper the ability of individuals to make well informed financial decisions. For people who exhibit problems with financial decision making, financial advice has the potential to serve as a substitute for financial knowledge and capability.

3. Agarwalla Sobhesh Kumar, Barua Samir, Jacob Joshy, Jayanth R. Varma (2012) conducted a study among 3000 individuals, and found that financial knowledge among Indians is very low than the international standards. But the financial behavior and attitude of the employees and retired seems to be positive.

4. Lusardi, Mitchell and Curto (2006), Sages and Grable, (2009) in their study found that the individuals who has the lowest level of financial risk tolerance is the least competent in terms of financial matters, have the lowest subjective evaluation of net worth and are less satisfied with their financial management skills.

5. The level of financial risk tolerance of the individuals determines the financial behavior: Ansong and Gyensare (2012) conducted a study among 250 UG and PG University students of Cape Coast reveals that the age and work experience are positively related to financial literacy. Also, mother's education is positively correlated with respondents' financial literacy. But, level of study, work location, father's education, access to media and the source of education on money has no influence on financial

literacy. Mandell (2008) made a survey among college students in 2008, Mandell calculated average accuracy rate of the questions on financial literacy by their major. From the result, the average of all respondents was 61.9%. Although the accuracy rate of Business or Economics major was 62.4% and was higher than overall average, its rate was lower than Engineering (63.2%), Science (64.0%), and Social Science (64.0%). In addition, Koshal et al. (2008) reported that the difference between Indian MBA students' grades does not show a statistically significant effect on economic literacy score. Study by Martin Samy (2007) revealed that determinants of credit card are significantly dependent on a student's year of study, credit card status and daily routine, which has a strong relevance to respondents' knowledge of credit cards. Responsibility of money management lies with parents. Parents are the source of financial information. They are confident about their financial future. Their parents are successful in money management and they take them to be their role models in deciding upon financial matters.

6. Canadian Institute of Chartered Accountants CICA Youth Financial Literacy Study 2011. Study by Marzieh et al., (2013) revealed that the age and education are positively correlated with financial literacy and financial wellbeing. Married people and men are more financially literate. Higher financial literacy leads to greater financial well-being and less financial concerns. Finally, financial wellbeing leads to less financial concern. Financial Planning enables an individual to frame appropriate budgets which in turn helps them to track his finances and meet the ends. Financial literacy is a global concern. The level of financial literacy required depends upon the financial needs and behavior of an individual. From the above studies, it is inferred that financial literacy is highly influenced by age, region or country in which the individual resides, the financial environment which he experiences, the level of income, socio demographic factors like his family, number of dependents, mother's education, financial advice etc. The need to know the level of financial literacy of various groups is inevitable. This study focuses on measuring the level of financial literacy among the college students of in Gopalan College of Commerce.

Meaning:

Financial literacy means money management education of knowing and using skills and abilities on how to generate income, save the money, investing, budgeting and take effective decisions on money management.

4 Reasons Financial Literacy is Essential: -

“College graduates spent 16 years gaining skills that will help them command a highersalary; yet little or no time is spent helping them save, invest and grow their money.”

1. Personal Finance is 20% knowledge and 80% behavior.
2. Some of the most important financial decisions you make are when you're young.
3. Companies are providing fewer guaranteed benefits and shifting risk to employees.
4. Consumer debt is devastating wealth.

RESEARCH METHODOLOGY:

Research methodology is the specific procedures or techniques used to identify, select, process and analyze information about the topic. It is a way of systematically solving the research problems.

For the purpose of this study a random sampling method was followed and 50 responses were collected. The study uses questionnaire method of data collection. The questionnaire consisted two parts: the first part covers demographic information; the second part aims at analyzing the financial knowledge among students.

Aim: To analyze and determine the level of financial knowledge among students in Gopalan College of Commerce.

Research Design: Descriptive Research.

Sources of data collection: The Primary as well as the secondary sources was used for collection of data.

Primary data: questionnaire and sample survey.

Secondary data: websites and journals.

Data type: Primary as well as Secondary data was collected.

Nature of data: The population being large the survey was carried among 50 members of respondents.

Sample unit: It is selected from college students of Gopalan College of Commerce.

Sample size: 50 respondents.

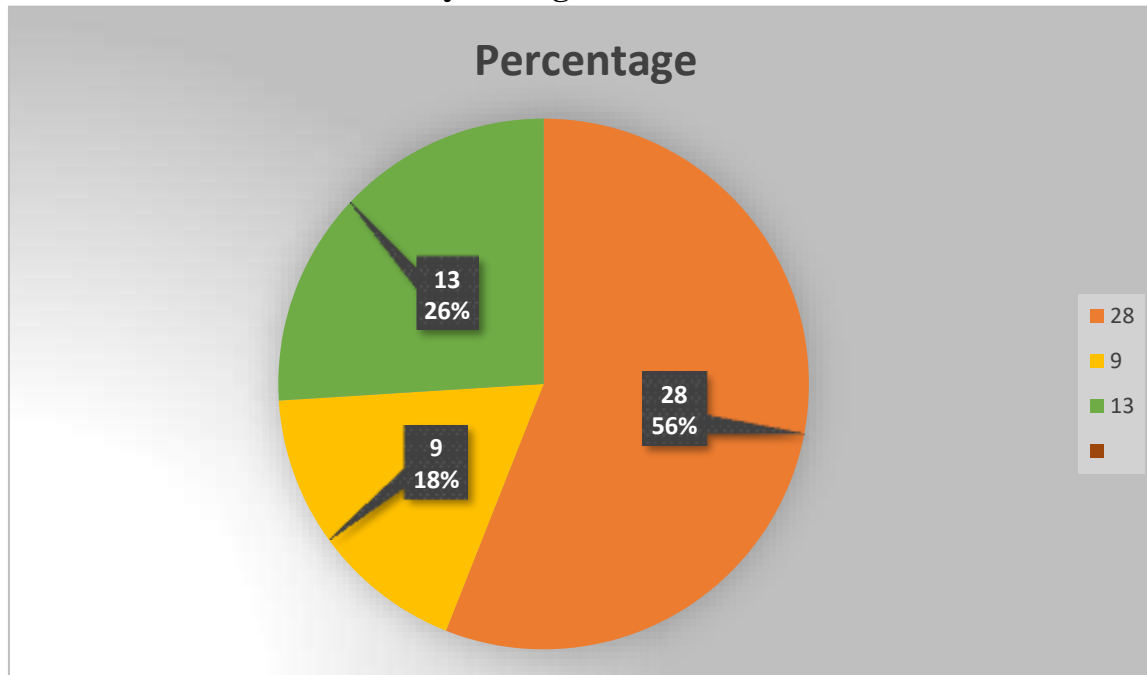
Field of Study: This research was carried out at Gopalan College (BASVANNAGAR).

Findings and suggestions: This survey is conducted to find out whether students are aware of financial literacy in India. and also, whether students are aware about money management technique about spending, investing, budgeting and controlling their money or savings.

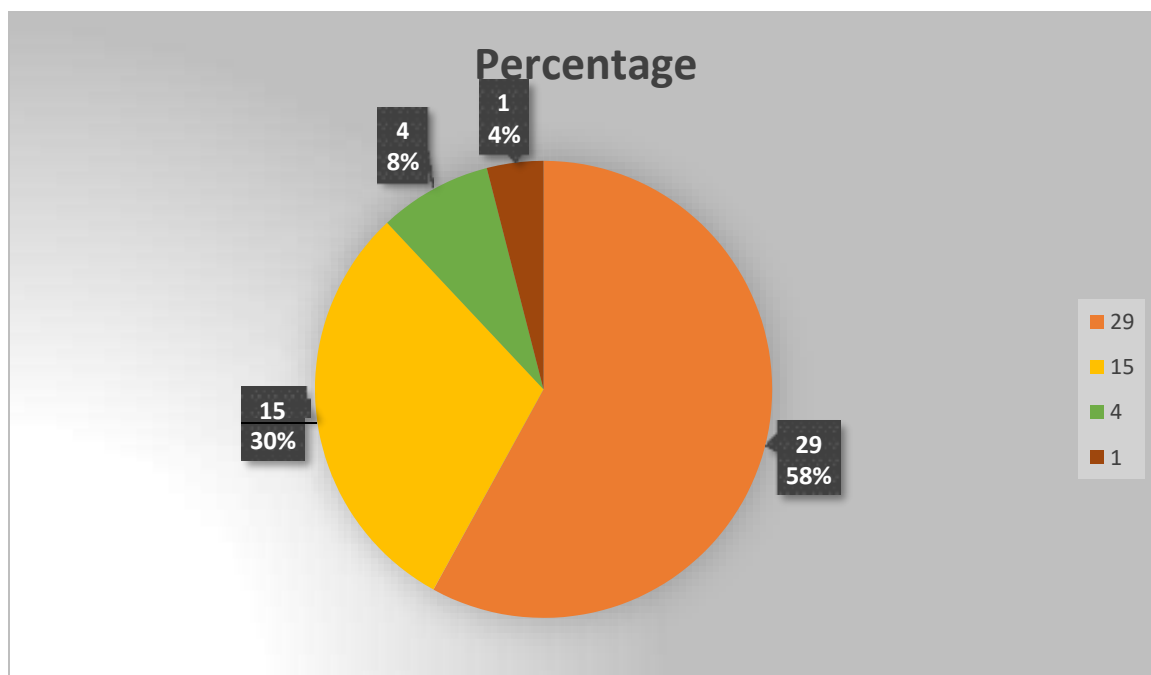
- There is an immediate need to incorporate financial literacy among every student in India.
- Spreading awareness about financial and how to manage money efficiently is needed.
- Gaining financial knowledge is very important for every student to make better decisions and to reduce risk.
- Every student should gain proper knowledge about finance to save their money, invest money, have an estimated budget frequently, also maintain and manage money effectively.

DATA ANALYSIS AND INTERPRETATION:

Sources used in collection of data:

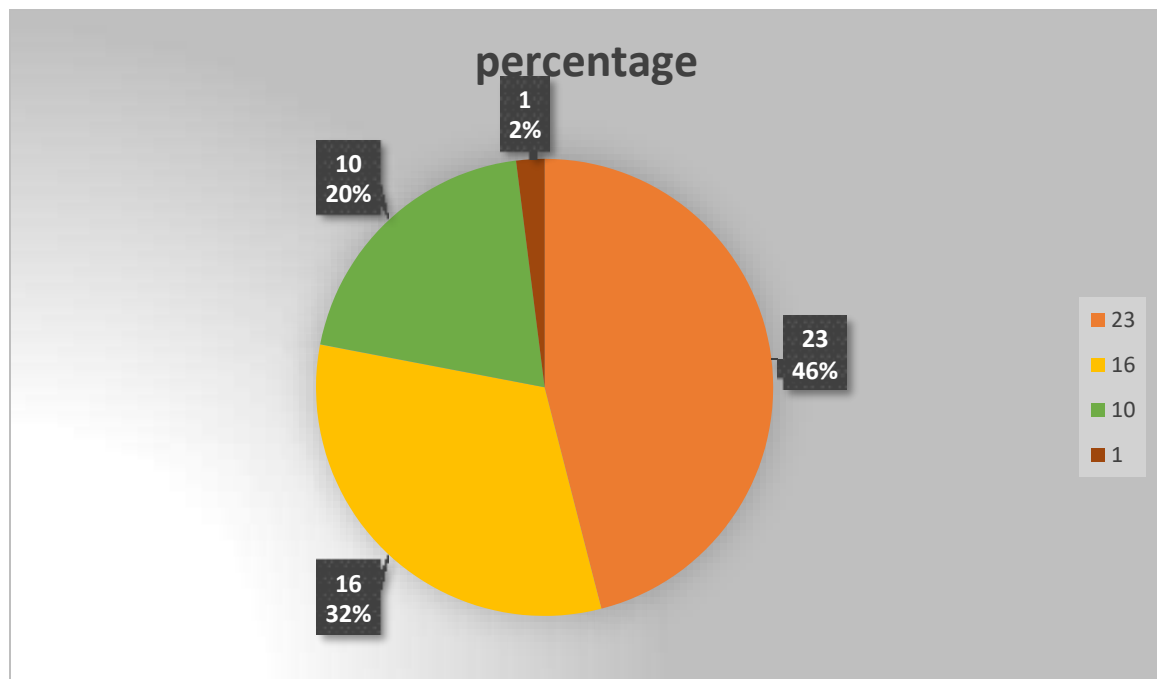
1. Awareness of financial literacy among students.

Interpretation: It was found that about 56% respondents were aware of financial literacy, 18% respondents were not aware of financial literacy and 26% were not sure about financial literacy.

2. Respondents view on financial literacy.

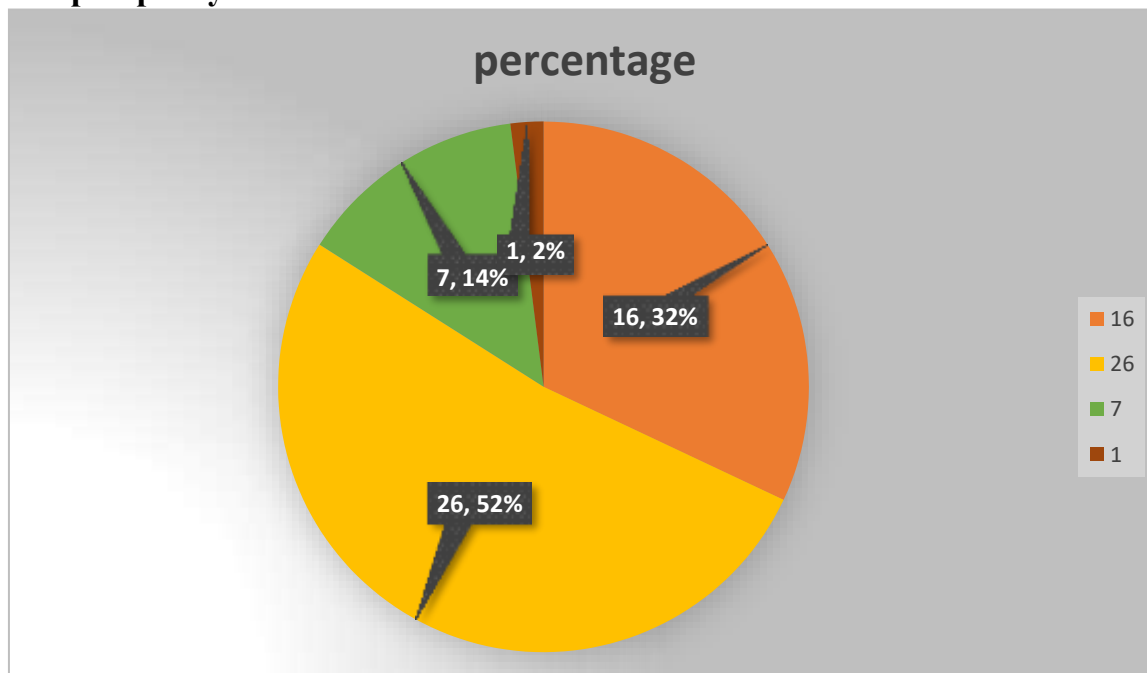
Interpretation: 58% of respondents agreed that financial literacy means personal financial management, investing, budgeting. 30% respondents agreed that financial literacy means only personal financial management. 8% Respondents viewed financial literacy has budgeting and rest 4% respondents just viewed financial literacy has investing.

3. Awareness of financial literacy among respondents



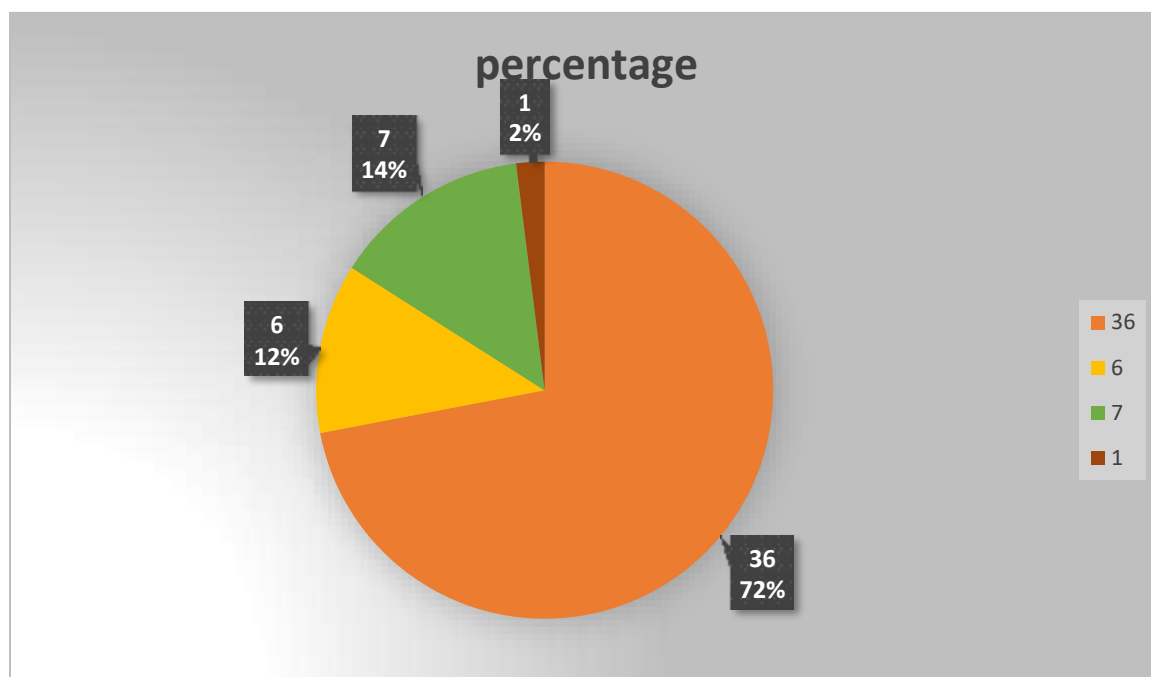
Interpretation: 46% of respondents were aware about financial literacy by the means of online. 32% of respondents were aware about financial literacy by the source of books. 20% of respondents were aware about financial literacy by the means of other sources and rest 2% of respondents were aware about financial literacy by the means of newspaper.

4. Respondents view about the statement “financial literacy is very important for Nation’s progress and prosperity”



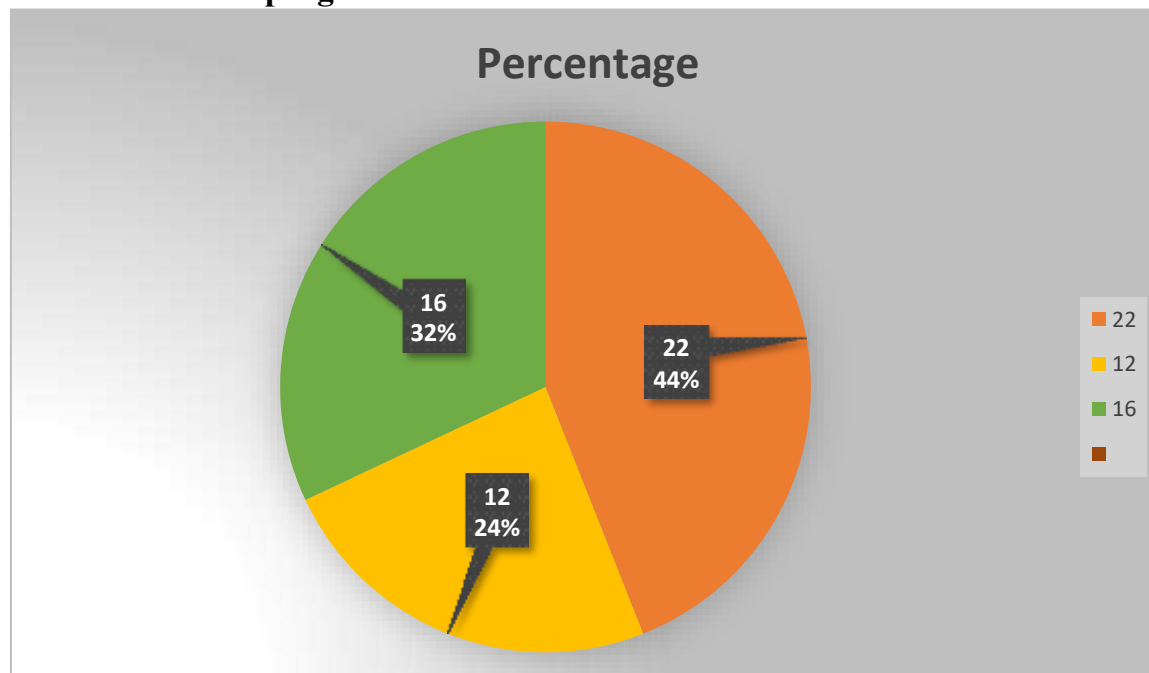
Interpretation: 32% of respondents strongly agreed for this above statement. 52% of respondents agreed with this above statement. 14% respondents partially agreed with this statement and rest 14% of respondents disagreed with the above statement.

5. Respondents view on money management



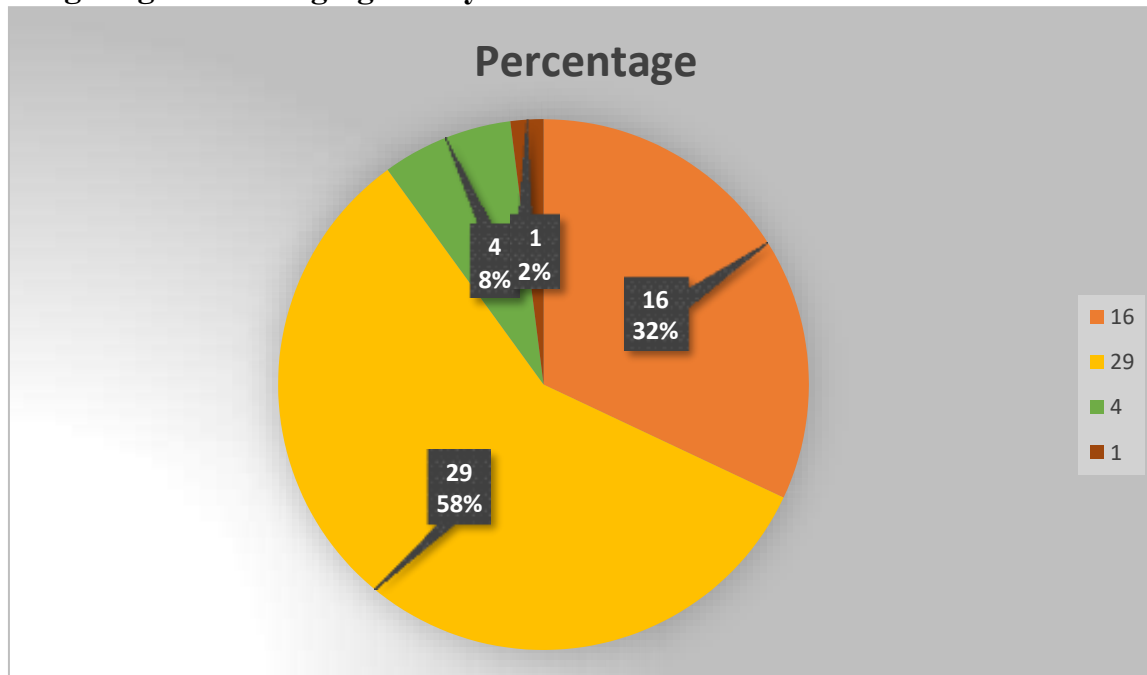
Interpretation: 72% of respondents were focusing on money management method. 14% of respondents were partially focusing on money management method. 12% of respondents were not at all focusing on money management method, rest 2% respondents were not sure about it.

6. Respondents view on the statement, “Personal money management is indirectly contributing towards nation’s progress”



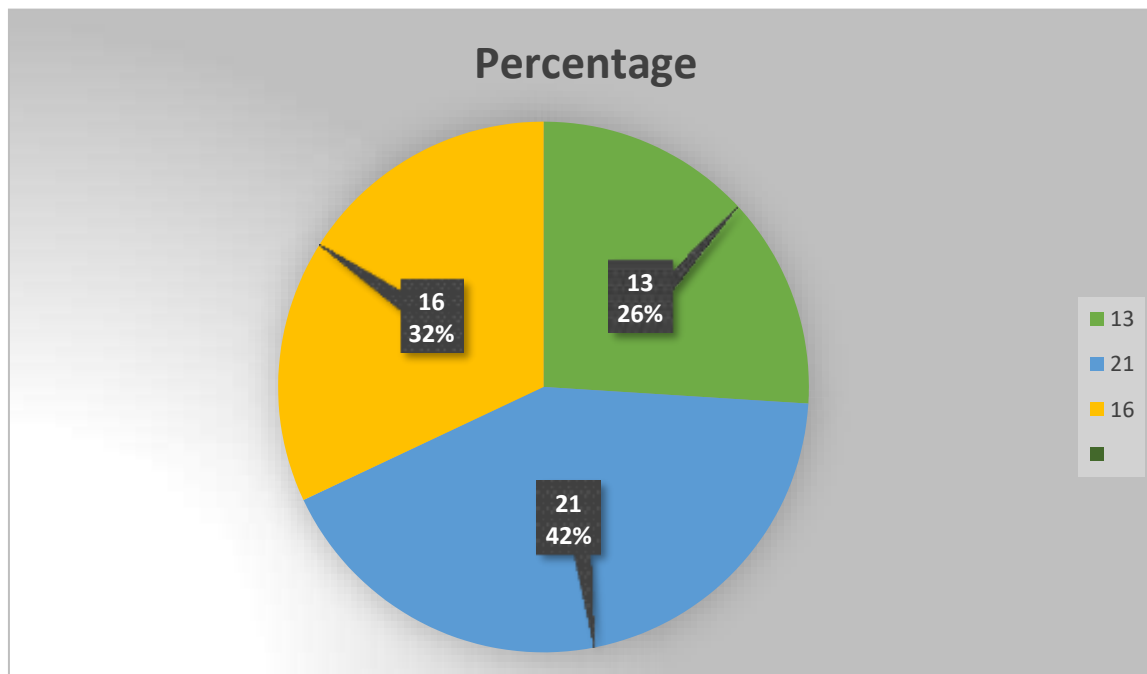
Interpretation: 44% of respondents partially agreed with the above statement. 24% of respondents agreed with the statement. And rest 32% of respondents disagreed with the above statement.

7. Respondents view on the statement, “Financial literacy is a life long journey of saving, investing, budgeting and managing money”



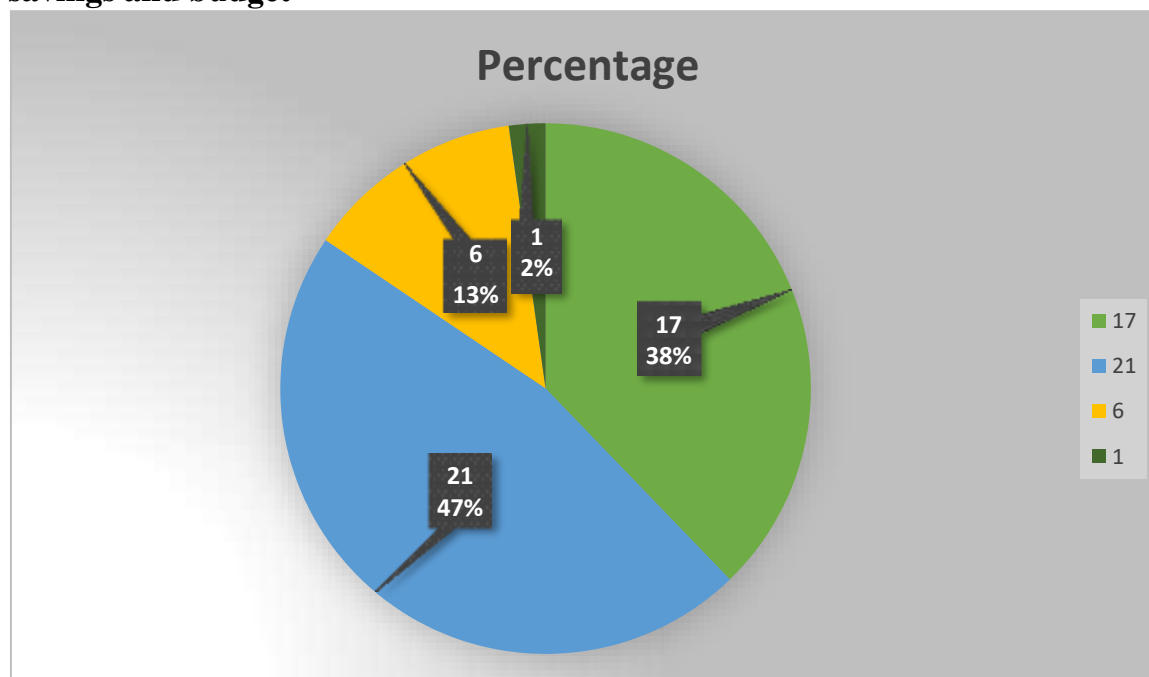
Interpretation: 32% of respondents strongly agreed with the above statement. 58% of respondents agreed with the above statement. 8% of respondents partially agreed with the statement. And rest 2% of respondents totally disagreed with the above statement.

8. Respondents view on the statement, “Lack of financial literacy leads to number of pitfalls in a nation”



Interpretation: 26% of respondents strongly agreed with the above statement. 42% of respondents agreed with this above statement. 32% of respondents partially agreed with the above statement.

9. Respondents view on statement, “Financial literacy helps families and society in balancing their savings and budget”



Interpretation: 34% of respondents strongly agree with this above statement. 42% of respondents agree with this above statement. 12% of respondents partially agree with this statement. 2% of respondents disagree with the above statement. 10% of respondents strongly disagree with the above statement.

The Basic financial education at the Intermediate and college level must include:

1. A robust understanding of financial planning.
2. Knowledge of usage of basic financial products.
3. Effective money management.
4. Debt management.
5. Prioritizing needs over wants.
6. Understanding effective investment instruments like SIP. Understanding terms of EMI.

Five pillars of financial literacy

- Earn
- Save and invest
- Protect
- Spends
- Borrow

Limitations:

Around every positive side, there will always be a negative face. The number one problem in today's generation and economy is the lack of financial literacy. Here are some lists of disadvantages of financial literacy:

- Lack of financial knowledge.
- Over confidence about the financial knowledge.
- Lack of government initiatives, frameworks and regulations.
- Lack of planning and interesting about financial literacy.
- Lack of money management.

CONCLUSION:

Financial literacy in India has given topmost priority because every country's economic growth is directly proportional to financial literacy. It's nothing but a personal financial management. It is the management education of knowing how to generate income, save the money, invest and also to spend the money. It helps in gaining knowledge of individuals by providing a clear understanding of using their skills and abilities to take effective decisions on money management. Financial literacy is totally related to individuals' income their earnings, investments, savings and also their expenditures. According to an **"Accredited Financial Literacy Survey"**, India covers only **24%** in financial literacy rate. It means the rest of **76%** of population in India, is financially illiterate because of this, India is unable to grow or to compete with the other developed countries. And still India is developing country. So, to develop our country, it is important to know the true Value of financial literacy in India. **"India has a greater chance of progress and prosperity if every individual in country is financially literate"**.

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