

**A Study of the Level of Awareness of Financial Literacy among Undergraduates in Colleges of Palghar District**

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**ABSTRACT:**

The need for financial literacy has become increasingly significant with the deregulation of financial markets and the easier access to credit, the ready issue of credit cards and the rapid growth in marketing financial products. Governments and benevolent organisations around the world are beginning to realize the importance of financially knowledgeable citizens, for the latter's own benefits and in general, for the benefit of the nation. Against this background, the main aim of the study is to assess the level of awareness of financial literacy among Undergraduate students of Palghar District.

**KEYWORDS:**

Financial Literacy, Financial Illiteracy, Financial Education, Savings, Investment, Demography, Rural Area, Seeker, Capital Market, Real Estate, Bank and Post Office Deposit

**INTRODUCTION:**

The Indian economy is one of the fastest growing economies in the world. The economic growth of a country is well reflected in the boom in the various sectors of the economy such as metal, real estate, infrastructure, energy, banking, transportation, etc. The growth of the economy increases the level of employment and income in the economy through multiplier process and increase in the income increases the consumption as well as savings of the people. However, the increase in consumption is less than the proportionate increase in the income. This is because with the increase in income even a small fraction of the total income can satisfy their consumption demand. Therefore, it can be said that with the increase in income, the level of savings in the economy increases. From the economics point of view, this saving must be converted into investment in order to maintain the pace of the economic growth.

The growth and development of the Indian economy and the expansion of financial markets through liberalisation, privatisation and globalisation have given a way to a plethora of financial products either as an investment alternative or a credit one. But, low level of financial literacy prevents the individuals from making a judicious choice with regard to their financial decisions. As a result, the individuals are not able to choose the most suitable investment alternative which can beat the rate of inflation prevailing in the economy and give them a net

positive return.

#### **MEANING OF FINANCIAL INCLUSION:**

Financial literacy is a set of skills and knowledge that allows an investor (individual) to understand the financial principles that individual needs to know to make informed decisions and the financial products that impact individual's financial well-being.

#### **AIMS OF THE STUDY:**

This study aims at assessing the level of awareness of financial literacy among Undergraduate students.

#### **LITERATURE REVIEW**

According to Bhatt et.al. (2013), females are conservative while investing, whereas males are aggressive. There is no significant relationship between the marital status and the investment choice made by the investor. Cultural and differences related social factors, greatly influences the perception, thinking and belief about various forms of investment.

Based on the finding of Achar (2012), individual characteristics of respondents such as age, gender, marital status and lifestyle determine the savings and investment behavior. It was found that a few demographic variables such as family size, annual income and annual savings have significant relationship. But the rest of the variables such as gender, age, education and occupation have no significant relations with the period of investments made by the investors.

#### **HYPOTHESES**

Ho: There is no significant association between students demographic (Age, Income, Gender) variables and their financial literacy level.

H1: There is a significant association between students demographic (Age, Income, Gender) variables and their financial literacy level.

H 20: There is no significant difference in financial knowledge among college students of different educational streams.

H21: There is significant difference in financial knowledge among college students of different educational streams.

#### **METHODOLOGY**

This study takes into consideration three aspects of financial literacy namely, knowledge, attitude and behavior. Sample size is 200 students of senior college. All students are in the age of 18-25 years. Colleges included in study are:

(a) SRK College Dahanu,

(b) Dandekar College, Palghar.

The study used valid and reliable scales for measuring the financial literacy through structured questionnaire. Hypothesis testing was conducted through ANOVA. The hypothesis has been tested at 5% significance level.

As the questionnaire is designed for students, the knowledge component is given more weightage as compared to attitude and behavior.

**FINDINGS AND DISCUSSION**

The result of the hypothesis testing are depicted in Table 1, along with the ANOVA. The result showed that Age, discipline of study, Parent's occupation and Source of Income effect the financial Literacy of an individual.

Table 1: Results of Statistical Tests on Financial Literacy.

Variable	F-Statistic	Significance
Gender	0.701	0.41
Age	3.289	0.25
Level of Education	1.213	0.363
Discipline of Study	3.205	0.31
Annual Household Income	0.710	0.485
Parent's Occupation	8.977	0.005
Source of Income	4.514	0.003

It was found in the research that:

- (a) Majority of students in India are dependent of their parents for financial support and their financial attitude and behavior are in early stage of life cycle.
- (b) The result showed that gender, Level of Education, Annual Household Income are not significantly associated with the financial behavior of an individual.
- (c) Discipline of study, Parent's occupation and Source of Income significantly associated with the financial behavior of an individual.

**CONCLUSIONS**

The level of financial literacy worldwide is observed to be low. Considering the education system in India, financial literacy is at low level. Moreover, we have a large unbanked population; financial literacy will help in bringing them in formal financial fold. It will favorably affect not only economic aspects of individuals but also social aspects. There are many malpractices and frauds taking place in financial sector. Financial literacy will help the people by preventing them in getting in to those traps. It will act as preventive as well as curative measure for the consumers. This highlights the need for basic level financial education in the school curriculum and also suitable inputs at college level depending upon their level of financial literacy. The inputs should address attitude and behavioral aspects in addition to knowledge.

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