



# A Comparative Study On Financial Literacy Of Gujarat With West Zone States In India

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## 1. Introduction:

Financial literacy is an essential aspect for the economic development of any country nowadays. Financial literacy enhances an individual's financial knowledge, attitude, and behaviour as well as financial decision-making power. OECD (Organization for Economic Cooperation and Development) defines financial literacy as the ability to understand how to use money appropriately in India. NCFE (National Centre for Financial Education) provides information on financial literacy levels in each state and apart from this financial inclusion Insights. All financial literacy surveys conducted by this organization measure the level of financial literacy in every state of India. The present paper compares the high financial literacy among western zone states of India specially Gujarat state with other western zone states.

In order to increase financial literacy, Reserve Bank of India (RBI) has allowed the lead banks of each district to open financial literacy centres. According to the annual report of Reserve Bank of India, the number of financial literacy centres is as per the year.

**Table No. 01 Number of Financial Literacy Centres in India: (2017)**

Year	Financial literacy Centre
2011-12	429
2012-13	718
2013-14	912
2014-15	1181
2015-16	1384
2016-17	1376
<b>CAGR</b>	<b>21.43%</b>

Source: Reserve Bank of India, Annual Report Published

(Dube & Asthana, 2017)(NCFE, 2015)

Financial literacy centres were started by the Reserve bank of india in the year 2009 and every district-led bank has been allowed to open financial literacy centres. The number of financial literacy centres in India was 429 in 2011-12, which increased to 718 in 2012-13. The above table shows the increase in the number of financial literacy Centres which increased to 1376 in 2016-17. Financial literacy centres also provide business-oriented training as well as information on business loan facilities. The number financial literacy Centre's in India is Increasing at the rate of 0.214 (21.43%) from 2011 to 2017.

### **1.1 Importance of the Study:**

Financial literacy plays an important role in maintaining the financial infrastructure in an orderly manner with the expansion of banks and banking infrastructure across the economy, the role of financial literacy is equally important. financial literacy has a role to play in the inclusion of financially excluded populations in various countries of the world but the understanding of this matter is futile until one becomes educated about financial matters.

Following are few points discussed here which reveals the importance of financial literacy.

- Understanding of concepts like income, savings and investment can be gained through financial literacy.
- Better understanding of financial products and services.
- Makes smart savers and investors.
- A financially literate person can gain an understanding of financial planning for post-retirement living

### **2. Objectives of the Study:**

The present study is aimed at understanding the financial literacy of Gujarat and a comparative study with West Zone states in Pre financial Inclusion scenario.

The objective of this study is to find out the:

- ☐ Financial literacy level in Gujarat based on the report, facts and figures.
- ☐ To make a comparative study of financial literacy of Gujarat with West Zone states.
- ☐ To suggest some measures to promote the target of financial literacy.

### **3. Research Methodology:**

Data-based research was conducted using secondary and published data collected from NCFE, RBI & NISM etc. The data of Gujarat was compared to the data of West Zone states financial literacy level data i.e. Gujarat, Rajasthan, Maharashtra, and Goa and with Union Territory which includes Dadra, Nagar Haveli, Daman & Diu. Various constraints were analysed and compared with these four states and it was tried to find out the deviation from simple averages and percentages.

#### 4. Review of Literature:

- 1) (Agarwalla et al., 2015) Study is conducted for financial literacy among working youth in urban areas of India. The purpose of this study is to measure demographic variables as well as financial knowledge, behavior and attitudes among urban Indian youth through various measures. The study was conducted through surveys of the other countries as well as in the India. Secondary data and primary data were obtained through interview method. The data collection period of the present study was one month in the year 2012. Multiple logistic regression was used to analyze the study. In the present study the sample size was fixed at 1000. 754 sample size was determined based on the obtained information of the variables. In which demographic variables were considered including family income, education, marital status, gender and financial decisions. The findings of this study Although the respondents had attained higher education up to graduation (bachelor's and post graduate), their level of financial literacy was found to be low. Apart from this, the urban youth, despite being financially savvy in terms of financial management, was found to be lagging behind. Thus, a negative association was found between financial knowledge and behavior. The study recommends that there is a need to improve the education process among the youth. Apart from this, financial literacy programs should be conducted in colleges.
- 2) (Lodha & Vyas, 2017) Study is conducted for urban areas in Gujarat in rural and semi-urban. The effect of financial literacy on attitude towards services was examined. The main objective of the study was to evaluate the impact of financial literacy on awareness about financial services offered by financial institutions in rural and semi-urban areas of Gujarat. For the present study a total of 122 samples were selected from rural and semi-urban areas of Gujarat through cluster method. The sample selection area was from rural and semi-urban areas of North Gujarat, Central Gujarat, South Gujarat, Surat and Kutch for both primary and secondary data. Data was collected through multiple choice questionnaire and data Primary data collection was done. Analysis was done using ANOVA test and Tukey's Test and Hotelling's t-squared test. The findings of the study were obtained as follows. Both education and occupation variables affect financial literacy in the villages of Gujarat. Out of 122 respondents, 68% were male respondents and 32% were female respondents. Which was about 34%. Maximum respondents belonged to the age group of 18-34 years. 34% of respondents had income limit less than Rs. 44,000. And 24% of the respondents were in the income range of Rs. 50,000 to 7 lakhs. The level of financial literacy among women in rural areas of Gujarat was low. For which low level of education was responsible. The study recommends that literacy can be increased through education programs in rural areas of Gujarat. Since this financial literacy study was conducted with a small sample of 122, there is a possibility of variation in the results of the study.
- 3) (Patel, 2018) Study has been conducted to assess the impact of demographic variables on financial literacy in Gujarat. A total of 600 samples were selected from the big cities of Gujarat like Ahmedabad, Surat, Vadodara and Rajkot and information was obtained through a structured

ionnaire using the random sampling method. Logistic regression was used to analyze the studies. The findings of this study are as follows: The majority i.e. 80 % of the respondents are aware about compound interest rates. Also, 71 % of people are aware of inflation in financial planning is not only through insurance. It further found that a large section of the respondents had knowledge of basic financial literacy. Respondents from four major cities of Gujarat have average financial literacy. The present study was limited to the major cities of Gujarat only.

- 4) (Acharya & Mittal, 2019) Study is conducted for financial literacy among professional women of the study. The main objective of the present Jaipur district of Rajasthan was tested by conducting a case study on economic variables - study was to evaluate the impact of financial literacy and the association of socio-economic variables. A sample was taken. Based on the present study, with financial literacy, by Random sampling method with reference to Jaipur district of Rajasthan. It was concluded that the level of financial literacy among women is low. They lack the basic financial knowledge needed to make sound financial decisions and investments. Along with earning money, women need basic financial knowledge to manage their money. Presently women are equal earning partners in the family but it is observed that they do not have the necessary financial knowledge and skills to make proper investments. The study suggests that awareness activities on financial literacy should be undertaken by financial institutions and banks to increase the knowledge of financial literacy among women.
- 5) Balani, (2016) Study is conducted for the influence of financial literacy among investors in Rajasthan. The main objectives of the present study are to study the level of financial literacy into high financial and low financial literacy levels. To examine the association between literacy and various demographic and social factors and to study the impact of financial literacy on investor behaviour. In the study, 200 sample selection questionnaires were collected from the divisional districts of Rajasthan viz., Ajmer, Bharatpur, Bikaner, Jaipur, Jodhpur, Kota, and Udaipur using a random sampling method. This study was analysed using chi-square and correlation method. The findings of this study were as follows: Majority of the class said that 73.5% and 53.5% were aware of the concept of compound interest and inflation while majority 72.5% had knowledge about plastic money. A large section of the selected area had information about risk and 70.5% had information about bank accounts. Apart from this, they also had knowledge about inflation, risk, and financial literacy revealed that women liquidity, stock market etc. Cross tabulation test for gender had more financial literacy knowledge compared to men in selected areas of Rajasthan who gave more importance to expected returns while investing. Most of the selected respondents also took help while investing. The suggestions of this study were that investors should be inclined to advisors who learn more financial knowledge and the education sector should include financial education as a sufficiently available subject in the curriculum. So that the knowledge of financial literacy is spread among various people of the society and the knowledge of the people is increased by providing information through the financial education institutions. It should be made and different efforts should be made to provide financial knowledge to the working companies should also make separate arrangements.



6) (Chellang & Konwar, 2023) Study is conducted for inter-state variation in financial literacy in India . The main purpose of this study is to investigate the inter-state variation in financial literacy in India and to study inter-state variation based on the three components of financial literacy. The study has been done keeping in mind 28 states and Union Territories. This paper uses a nationally representative unit-level dataset for carrying out the study. The dataset is acquired from Kantar's Financial Inclusion Insights(FII) website. (www.finclusion.org). This study has been done based on secondary data. In this study, the main components of financial literacy are Knowledge, Behaviour and Attitude. The findings of the study are as follows: Out of the 30 states taken, 14 states have high rates of financial illiteracy. It will be great for the country if a general financial education policy is kept at the centre to improve the financial literacy of the people. There are some states viz. Puducherry, Rajasthan, and Bihar need more emphasis on developing positive attitude and favourable behaviour towards money-related matters. Chandigarh needs to increase financial knowledge rather than behaviour and attitude. On the other hand, attention is needed in all areas of financial literacy in states and Union Territories like Dadra and Nagar Haveli, Daman, and Diu, Odisha, Tripura.

## 5. Statistical Analysis:

**Table No. 2 Data on Financial Literacy and General Literacy Level in West Zone States: (2015)**

Sr. No.	State	Financial Literacy Level	General Literacy level
1	Gujarat	68	83
2	Maharashtra	17	73
3	Rajasthan	20	56
4	Goa	50	80

Source:(NCFE, 2015)

From the discussion point of view to study financial literacy and general literacy level of West Zone classified categorically into West Zone states: Gujarat, Maharashtra, Rajasthan, and Goa.

**Gujarat:** As a state of the western zone, Gujarat has financial literacy and general literacy at 68% level at 83% indicating that the financial literacy level is higher than General literacy.

**Maharashtra:** Maharashtra has a financial literacy level of 17% and general literacy of 73% compared to Gujarat where general literacy is higher but financial literacy is much lower.

**Rajasthan :** Rajasthan has a financial literacy level of 20% and a general literacy level of 56% compared to Gujarat where both general literacy and financial literacy are low.

**Goa :** Goa has a financial literacy level of 50% and a general literacy level of 80% compared to Gujarat where the general literacy level is high but financial literacy is low.

**Table No. 03 Financial Literacy in Western India: (2023)**

Sr. No.	State and UTS	High Financial Knowledge Score	High Financial Behaviour Score	High Financial Attitude Score	High Financial literacy
1	Dadra-Nagar Haveli	26.50%	20.60%	15.70%	14.70%
2	Daman and Diu	49.00%	19.60%	15.70%	17.60%
3	Goa	50.50%	16.20%	21.00%	19.20%
4	Gujarat	31.90%	18.40%	18.40%	19.20%
5	Maharashtra	35.20%	26.30%	22.10%	26.50%

6	Rajasthan	34.40%	50.50%	43.40%	47.90%
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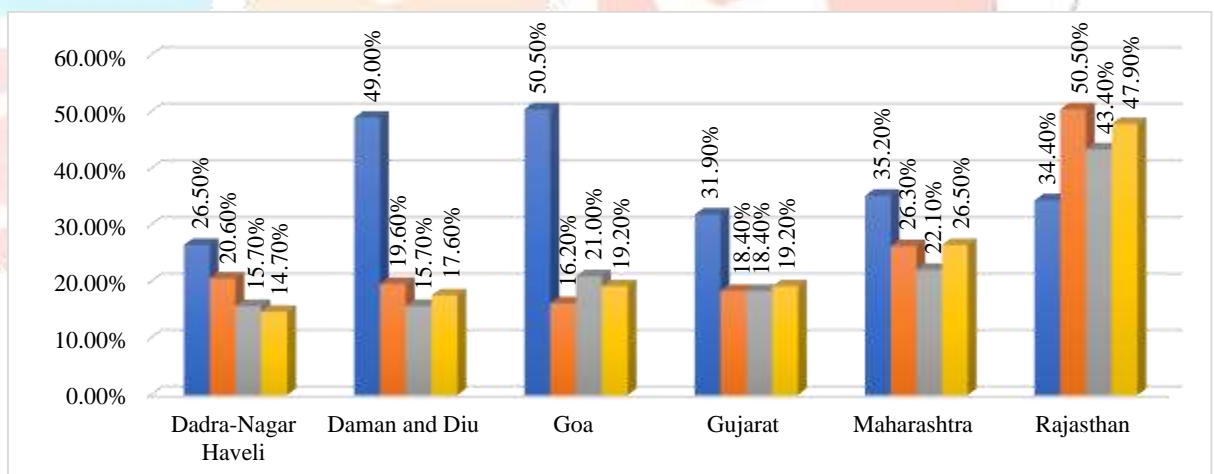
Source:(www.Finclusion.org, 2023)

In the above Table, No.03the high financial knowledge, behaviour, attitude, and literacy in selected Western Indian states like Dadra-Nagar Haveli, Daman and Diu, Goa, Gujarat, Maharashtra, and Rajasthan are given in percentage. The dadra-nagar Haveli state has a high financial knowledge score of %26.50and high financial behaviour score of %20.60and a high financial attitude score of .%15.70In addition, Dadra-Nagar Haveli has a high financial literacy score of .%14.70Daman & Diu have a high financial knowledge, behaviour, and attitude score of 49.00%, 19.60%, and 15.70% respectively, and a high financial literacy score of 17.60%. Goa has a high financial knowledge, behaviour, and attitude score of 50.50%, 16.20%, and 21.00% respectively, and a high financial literacy score of 19.20%.

India's growing state Gujarat has a high financial knowledge Score of %31.90a high financial Behavior score of %18.40and a high financial attitude score of .%18.40Gujarat has a high financial literacy score of .%19.20 Maharashtra has a high financial knowledge, Behavior, and attitude score of 35.20%, 26.30%, and 22.10% respectively, and a high financial literacy score of 26.50%. Rajasthan has a high financial knowledge, Behavior, and attitude score of 34.40%, 50.50%, and 43.40% respectively, and a high financial literacy score of 47.90%.

Above table no.03based on it is clear that the score of high financial knowledge is highest ( (%50.50in Goa. The score of high financial behaviour and score of high financial attitude are highest in Rajasthan.

**Graph No. 01: Financial Literacy in Western India:(2023)**



Source:(www.Finclusion.org, 2023)

Above Graph No.01provides information on the status of high financial knowledge, behaviour, Attitude quotient, and high financial literacy quotient in the Union Territory of Dadra-Nagar Haveli, Daman& Diu, and states Goa, Gujarat, Maharashtra, and Rajasthan in the Western part of India.

According to this, the score of high financial knowledge is highest ( (%26.50in Dadra-Nagar Haveli. Also, the score of high financial literacy is lowest (.(%14.70Daman &Diu have the highest score of high financial knowledge ( .(%49.00Also, the score of high financial trend is lowest (.(%15.70Goa has the highest score of high financial literacy ( (%50.50among the selected states. Also, the score of high financial behaviours is lowest (.(%16.20 Gujarat has the highest score of high financial literacy ( .(%31.90Also, the score of high financial behaviour and attitude is symmetrical (.(%18.40Maharashtra has the highest score of high financial literacy ( .(%35.20Also, the least is high financial behaviour ( (%22.10And the score of

high financial behaviour is highest ( (%50.50in Rajasthan. Also, the score of high financial knowledge is lowest (.(%34.40

## 6. Interpretation of Result:

### 6.1 Findings:

- Goa has the highest financial literacy knowledge score among select states. Which is 18.6% higher than Gujarat. Union Territory of Dadra-Nagar Haveli has the lowest financial literacy knowledge score. Which is 5.4% less than Gujarat.
- Rajasthan has the highest score of high financial behaviour among the selected states. Which is 32.1% more than Gujarat. Goa has the lowest financial behaviour score. Goa's high financial behaviour score is 2.2% lower than that of Gujarat.
- Rajasthan has the highest financial literacy score among the selected states. Which is 28.7% higher than Gujarat Union Territory of Daman and Diu has the lowest high financial literacy score. Which has 4.5% less score than Gujarat

### 6.2 Suggestions:

Based on this study some recommendations are made which are as follows. it was found that the score of financial knowledge is very low in Dadra-Nagar Haveli. Similarly, the score of financial behaviour is found to be low in Goa and the Score of financial attitudes is found to be low in Daman-Diu, and Dadra-Nagar Haveli. The financial literacy score in Dadra-Nagar Haveli state is very low. To increase the level of which financial education should be arranged in schools or colleges efforts should be made to make people aware of financial literacy through various exhibitions or publications.

## 7. Conclusion:

When India is counted as a developing country, it is a prerequisite for everyone in the country to become financially literate to realize the dream of a developed India by 2047. This study compares the high literacy rates in the states of western India with the still higher levels in the Union Territories, as well as in Gujarat and Goa. Financial literacy is very low. Moreover, in other Western Indian states, there are very few people with high financial literacy. Hence there is a need to conduct financial awareness programs to increase financial literacy by financial institutions as well as banks and post offices.

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