



Study on awareness of financial literacy among village youngster's: With special references to Edayur panchayath, Malappuram district

Mr Anil Puthanazhi, Assistant professor, Department of Retail Management, MES Keveeyam College Valanchery

ABSTRACT

Financial literacy is considered as an important factor that promotes financial inclusion. Due to the importance of financial literacy Reserve Bank of India and Central Government are undertaking many projects and programmes to make the people financially literate. Even then many of the individuals are unfamiliar with the most basic economic concepts needed to make sensible saving and investment decisions. In this scenario this study that covers all the financial literacy issues will be significant. So the present study focuses on the extent of financial inclusion and level of financial literacy among the youth. It pinpoints the financial prudence's among the youth. This study will leads to the determinants of financial well-being among youth.

Key Words: Financial literacy, Financial Inclusion, Financial Planning

INTRODUCTION

The term finance related to every one life because without it no one can survive. The economic wants of human beings purely depends up on availability of money. The peoples are must aware about their on sources of money and how well it can be utilized. Without this knowledge one cannot survive his life. In the context of Edayur many youths are getting proper job and others are doing various business. Many of them are not aware about the financial literacy about their daily life.

The terms of financial prudence's, financial literature, financial knowledge, and financial education are often used in interchangeably by the academic literature (Huston, 2010). According to American Institute of certified public accounts (2003), financial literacy can be defined as the ability to effectively access and manage one's finance in order to achieve life goals and financial well- being.

Most of the previous studies were conducted by the practitioners in financial service industry and focus on money management and investment related issues. Financial produces (financial Literacy) refers to the skill and knowledge that an individual possess to make sound financial decisions. In the current scenario, were the

common man is imperative that he understands the nuances of the world of finance to make appropriate decision to meet this financial goal.

Financial Literacy

In literature the term Financial Literacy is interchangeably used with financial capability and economic literacy. Some researchers consider it as a necessary skill which is regarded as ability to get and use financial information, which can be measured through understanding of financial concepts and through financial performance. Financial Literacy is relative in the sense that it is specific to socioeconomic conditions of the people and is linked to their specific problems such as exclusion. Atkinson and Messy (2011), define financial literacy as *“a combination of awareness, knowledge, skills, attitude and behaviors necessary to make sound financial decisions and ultimately achieve individual financial wellbeing”* Financial Literacy means acquiring knowledge, skills, values and habits for successfully managing finances of individuals and family which includes managing earning, spending, saving, borrowing and investing. In essence financial literacy helps people in framing proper responses to situations involving risk and opportunities.

Moreover financial behavior is influenced, not only by knowledge and skills but also by financial experiences and perceived knowledge. *“The main components of financial education are understanding the key financial products one may need throughout one’s life; understanding basic financial concepts; developing skills and confidence to be aware of financial risks and opportunities and to benefit from them; making sound financial choices about saving, spending, insurance, investing; and managing debt throughout one’s life.”*

FINANCIAL LITERACY IN INDIA

Today, India is one of the biggest markets for businesses. Its large population is seen as an asset by the multinational corporations India has become a hub for Information and Communication Technology. India has been a steady increase in foreign investment and many Indian companies have expanded their operations to other countries. India is quickly emerging as one of the fastest growing economies in the world. However Many small producers, companies and Indian firms aren’t able to succeed. We have developed ourselves in technology and to some extent in production capacity, but most of Indian business fails because of the mismanagement. According to the census 2011 70.04 % of total population is literate but only a few understand the importance of financial literacy. In India financial literacy has still not become a Priority like other developed Nations lack of basic financial knowledge result in poor investment and financial decisions that's why most people invest in short term plans and physical assets to accomplish their portion course which gives lesser benefit and does not help in economic development of the country.

Importance of Financial Literacy

Poor people in the society are more vulnerable to health risk and risk of loss of livelihood. Financial literacy helps the poor in avoiding such eventualities and to avoid financial exploitation. In this sense it an important capability for the poor to prevent them from getting into the trap of poverty. "Financial literacy and financial inclusion are integral to each other and are important because they are integral to attacking poverty. They are two elements of an integral strategy; while financial inclusion provides access, financial literacy provides awareness" *D. Subbarao (2013)*. It improves ability of the people in, availing financial services, planning their own finances and optimal utilization of resources which in turn promotes economic development. (Patel, 2005). It is a lifelong process, related to the knowledge and to life situations (Engelbrecht, 2008). Its main characteristic is that basics of it can be improved through teaching.

Financial Planning

An important activity in today's unstable and uncertain market scenario, financial planning helps manage income, build assets and also enables an individual to live a comfortable life, post retirement. According to Wikipedia, the broad definition of personal financial planning can be stated as, "a process of determining an individual's financial goals, purpose in life and life's priorities, and after considering his resources, risk profile and current lifestyle, to detail a balanced and realistic plan to meet those goals." The participants in the survey were asked a series of questions to understand the attitude of the youth towards personal financial planning and its importance with regard to their future financial health. Having a financial plan is the ultimate test of financial prudence among the youth. Young adults who do not have a financial plan for their future run the risk of not having enough money to live comfortably in their retirement. The respondents were asked if they have a financial plan to assess the level of financial foresight possessed by the youth of today.

Financial Literacy and its importance in Financial Management

Indian economy has conquered various structural and fundamental financial markets -Reforms in last two decades. As Indian economy is in growth stage, importance of financial literacy has gained momentum. People are now much more aware about the terms like sustainable growth, financial stability and financial security. Percolation of financial sector is more important and for this purpose households and individuals are must be financially literate.

Many countries in the world have understood the importance of financial literacy and its wide role in the development of economy and financial system. Now a day's governments, NGO's, policymakers, regulators and several other organizations have focused on this financial literacy aspect. Financial education providers have developed various resources and tools through which financial literacy can be improved.

FINANCIAL INCLUSION IN KERALA

Kerala, the top ranking state in literacy is having a top position in the financial inclusion graph of India. The government of Kerala has been keen in imparting various measures for increasing the financial inclusion in the state. The government has introduced FI@School, Kudumbashree etc for increasing the financial inclusion level of the people. Kerala has been a role model for India and the whole world since its economy is a wonder in the sense that here the industrial production is low but the standard of living is similar to many developed nations. Similar is the case with financial inclusion too.

REVIEW OF LITERATURE

A literature review is a highly synthesized critique of the status of knowledge on a carefully defined educational topic. By reviewing the literature on a particular topic, the current progress of research on that topic can be evaluated and gaps can be found. Further research on the topic can be carried out in such a manner so as to fulfill these research gaps. A lot of research has been carrying out on financial literacy and its determinants developed nations. Comparatively lesser research work on financial literacy has been done in developing nations.

Kamal Gupta et al. (2014), assessed the level of financial literacy amongst 87 micro Entrepreneurs of Kangra district of Himalaya Pradesh based on record keeping, various institutional awareness, savings, investment plans, savings management and various loan products. It is found that most of respondents are responsive of bank loans, less awareness about other financial institutions. Overall possess low financial skills which reflected in deficient record keeping, poor cash management, improper savings habits, less awareness on financial products. Research suggested that to create more awareness and financial alternatives for well-being of micro Entrepreneurs.

Lavanya Rekha Bahadur (2015), analyzed two pillar of the economy: financial literacy and financial inclusion and its current scenario as well as common people perspective about financial instruments. Data collected from 202 Mumbai and thane district individuals. It is found that level of financial literacy is very low and suggested to encourage financial literacy from school level, national level programs and seep effort to the grass root level.

Ratna Achuta Paluri (2016), analysed factors influencing financial attitudes of Indian women to classify Indian women based on attitude with 9 variables: anxiety, interest in financial issues, intuitive decisions, precautionary savings, free spending, materialistic and fatalistic attitude, propensity to plan for long and short term financial goals. Study used confirmatory factor analysis to cluster the women of Nashik city. Based on cluster analysis classified customer into judicious consumers, conservative consumers, acquisitive consumers and unsure consumers. It is found that only one third of respondents did not buy any financial products, most preferred products were fixed deposit and insurance. And also found that cluster 1 followed by cluster 3 seems to be attractive for marketers, cluster 4 is unattractive.

Puneet Bhushan et al. (2013), conducted survey of 516 salaried individuals of Himachal Pradesh using multistage sampling to check the financial literacy level. It is found that overall literacy level is low and financial literacy level of male is more than females. Level of education, income, nature of employment and place of work influence on financial literacy whereas geographical region does not influence on financial literacy.

According to Hung A. et. al. (2012), there is a positive impact of financial literacy on financial attitude, behavior and financial well-being. Financially literate people do better at budgeting, saving money and spending, handling mortgages, participating in other financial markets, do better at retirement planning and successfully accumulate wealth. Higher financial literacy leads to greater financial well-being and less financial concerns. (Taft M, 2013)

Andreas Oehler & Christina Werner (2008) has stated that financial literacy is important in life stages when some important decisions are made, and financial education at this stage may alter the behavior related to Retirement Planning & Saving. Lusardi A. (2009) in her paper stated that Financial Literacy has positive causal impact on wealth holdings and saving behavior. From this research, it has been found that financial literacy increases the awareness for importance of savings and planning for retirement.

OBJECTIVES OF THE STUDY

- ❖ To examine the level of financial literacy among youth.
- ❖ To identify various investment avenues for young entrepreneurs.

METHODOLOGY

The study followed an exploratory method by attempting to understand the magnitude of financial prudence's among youth, spanning across the age group of 18-35 years. The sample covered both employed & unemployed young adults. The sampling technique was a combination of judgement sampling & quota sampling. This study used a comprehensive questionnaire designed to cover major aspects of personal financial prudence's among youth. Survey method is used for data collection. The researcher has relied both on primary data and secondary data for this study. Questionnaires were supported by discussion with the target group. In addition research journals, related articles, books, publications and report, newspapers, websites etc. formed a part of our secondary data sources. Data analysis made by using statistical tools like percentages and chi-square test. The area of the study is confined to the Edayur Panchayath.

LIMITATION OF THE STUDY

- The time was major constraint in conducting this study.
- The result of the study is location specific and the conclusions drawn may not be applicable to different districts having different economic conditions.
- The sample size is small so the findings of the study can't be generalized to the whole population. This study limit to Edayur Panchayath only.

ANALYSIS AND INTERPRETATION

Analysis means systematic breaking up of content. Interpretation means to give meaningful conclusion regarding the analysis. In this chapter the researcher goes through the systematic analysis of collected data. Here the researcher used various statistical techniques for ensuring the effectiveness of analysis. Simple percentage, tables and charts are used for the detailed analysis. Through this analysis researcher arrived at feasible findings regard the study.

Table No.1

AGE OF RESPONDENTS

Particulars	No. of Respondents	Percentage
Below - 19	12	15
20-25	28	35
25-30	24	30
30-35	16	20
Total	80	100

Source: primary data

Above table reveals that out of 80 respondents 15% are comes under the category of below 19, 35% are comes under the category of 20-25, 30% are come under the category of 25-30, and remaining 20% are comes under the category of 30-35

Table No.2**GENDER STATUS OF THE RESPONDENTS**

Particulars	No. of Respondents	Percentage
Male	44	55
Female	36	45
Total	80	100

Source: Primary data

Here out of 80 respondents 55% are male and remaining rest are female.

Table No: 3**OCCUPATION OF THE RESPONDENTS**

Particulars	No. of Respondent	percentage
Student	40	50
Government service	12	15
Private service	16	20
Businessman	8	10
Professional	4	5
Total	80	100

Source: Primary data

Occupation play vital role in investment behavior and financial literacy.so the researcher made an attempt to analyses the occupational status of the respondents through the above table, out of 80 respondents 50% are students, 15% are Government employees, 20% are under the category of private service, and 10% were businessman rest of 5% are professionals

EDUCATIONAL ATTAINMENT OF RESPONDENTS

In order to assess the financial literacy among the people we need the information regarding the educational status of the respondents. So the following table and chart depict the true picture of educational attainment of respondents.

Table No: 4

Particulars	No. of Respondent	Percentage
Schooling	8	10
Higher secondary	44	55
Graduation	16	20

Post-graduation	12	15
Total	80	100

Source: primary data

From the table, it is clear that 10% of the respondents having schooling education, 55% are higher educated respondents, 20% are graduated and remaining 15% are post graduate.

MONTHLY INCOME OF THE RESPONDENTS

Information regarding the monthly income is necessary for financial decision of respondents. The following analysis made by the researcher for the purpose of the knowing the monthly income of the respondents

Table No: 5

Particulars	No. of Respondent	Percentage
Below 10000	8	10
10,000to 50,000	32	40
50,000 to 100,000	16	20
Above 10,0000	24	30
Total	80	100

Source: primary data

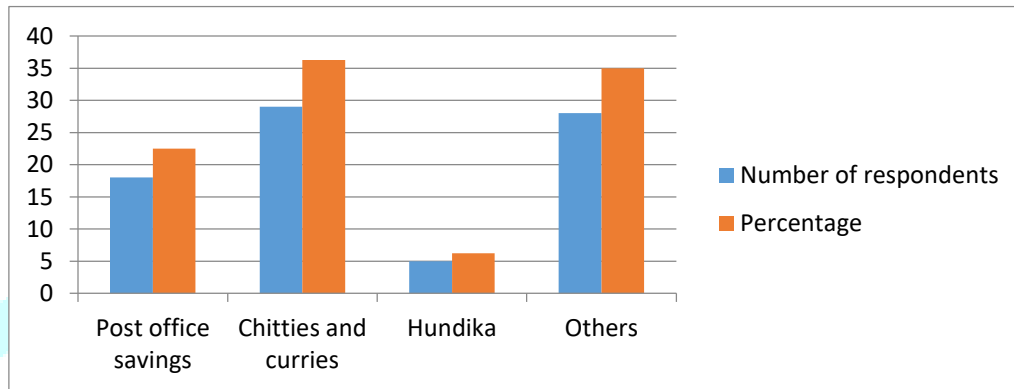
Chart No: 1



Above study reveals that 10% of respondents are getting less than 10000 income per month, 40% of respondents are getting 10000-50000 per month, 20% of respondents getting 50000-100000 and remaining 30% of the respondents are getting above 100000.

Table No: 6**MODES OF SAVINGS OF THE YOUTH**

Modes	Number of respondents	Percentage
Post office savings	18	22.5
Chitties and curries	29	36.25
Hundika	5	6.25
Others	28	35
Total	80	100

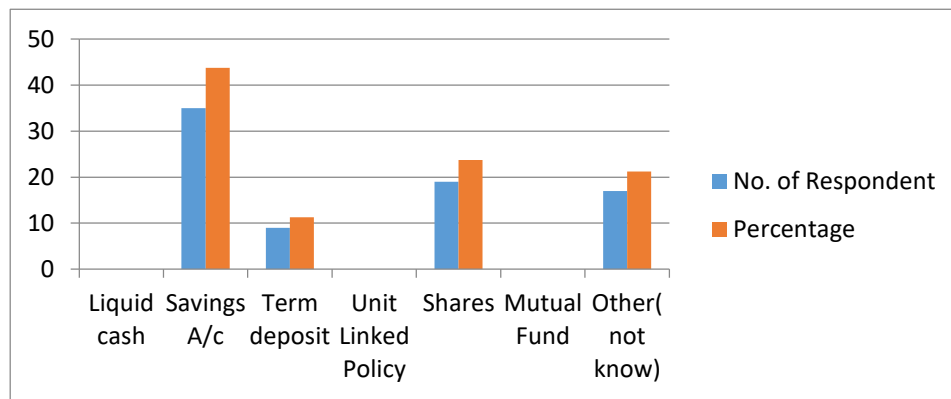
Chart No: 2

From the above table shows that most of the respondents (36.25 percentage) have preferring chitties and kuries for their normal savings. 35 percentage of respondents approaches others modes of savings. 18percentage of peoples took post office savings account.

Table No: 7**PREFERENCE OF INVESTMENT SCHEMES OF THE RESPONDENTS**

Particulars	No. of Respondent	Percentage
Liquid cash	0	0
Savings A/c	35	43.75
Term deposit	9	11.25
Unit Linked Policy	0	0
Shares	19	23.75
Mutual Fund	0	0
Other(not know)	17	21.25
Total	80	100

Chart No: 3



From the above analysis implies that most of the respondents have preferred savings bank account scheme for their safe mode of investment. Around 24 percentage peoples just started an investment in shares. Rest of them are preferred other sources (not known) few of them were invested in fixed deposit account.

Table No: 8

KNOWLEDGE ABOUT PROFITABLE ACCOUNTING SERVICES

Various services	Known respondents	percentages
Accounting out sourcing	22	27.5
Accounting administration	15	18.75
Tax consultancy	21	26.25
Internal auditing	22	27.5
Total	80	100

In the light of above analysis express 27.5 percentages of respondents have clear knowledge about accounting out sourcing and internal auditing. Around 26.25 percentages of respondents have a good idea regarding tax consultancy business

Table No: 9

OPINION OF 'SEARCH ENGINE OPTIMISING' START UP

Opinion	Opined respondents	Percentages
Highly profitable	21	26.25
Getting average profit	10	12.5
Non profitable	23	28.75
No idea about this start up	26	32.5
Total	80	100

Above table reviewed that 32.5 percentage of respondents have no idea regarding the search engine optimizing 28.75 percentage people opined that the above said startup it is not so profitable. Around 26.5 percentage argued that it is highly profitable one.

KNOWLEDGE ABOUT BLOG CONTENT WRITING BUSINESS

Here the analysis focusing on the measuring the knowledge level of respondents about blog content writing business

Table No: 10

Various services	knowledged respondents	percentages
Business blogging	32	40
Content marketing	9	11.25
Blog writing	11	13.75
Blog advertising	28	35
Total	80	100

Chart No: 4



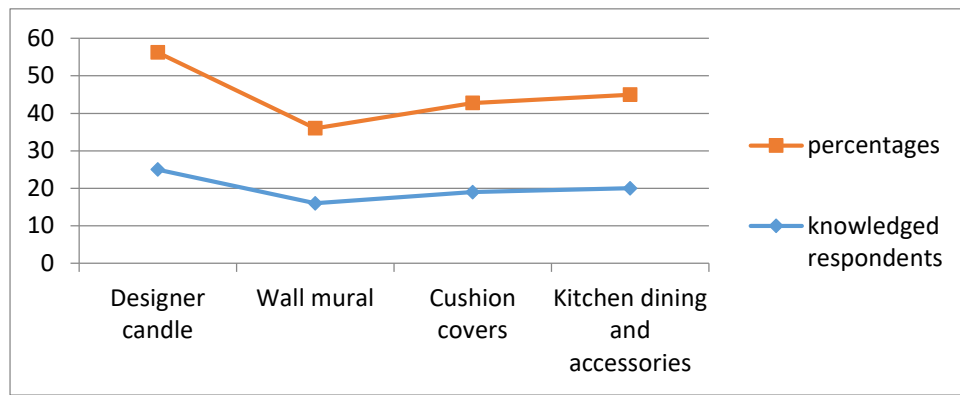
From the above analysis reveals that most of the youths are aware about business blogging and blog advertising

Table No: 11

KNOWLEDGE ABOUT ONLINE HOME DECOR SERVICES

Various services	Known Respondents	percentages
Designer candle	25	31.25
Wall mural	16	20
Cushion covers	19	23.75
Kitchen dining and accessories	20	25
Total	80	100

Chart No: 5



Above analysis express the knowledge level of home décor services; this implies that 31.25 percentage respondents have clear knowledge about designer candle. And 25 percentages of people have thorough knowledge about kitchen dining and accessories business

Table No: 12

PREFERENCES ABOUT FASHION BOUTIQUE DESIGNING

Various services	preferred respondents	percentages
Fashion designing	24	30
Bridal apparels	17	21.25
Stitching skills	18	22.5
School uniforms	21	26.25
Total	80	100

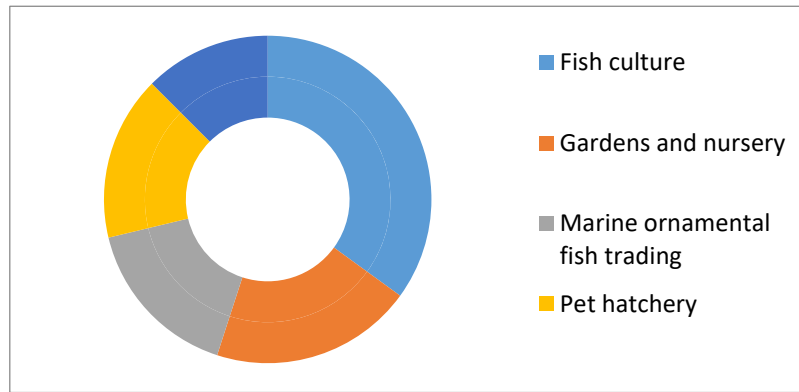
Above analysis express the preferences of various fashion boutique designing this implies that 30 percentages respondents have preferred fashion designing. And 26percentages of people have preferred school uniform designing

Table No: 13

RATING OF MOST PROFITABLE STARTUPS IN PRESET SCENARI

Start ups	No respondents	percentages
Fish culture	28	35
Gardens and nursery	16	20
Marine ornamental fish trading	13	16.25
Pet hatchery	13	16.25
Online entrance coaching centre	10	12.5
Total	80	100

Chart No: 6



From the above table and diagram reveals rating the most profitable startups in the present scenario. This implies that 35 percentages respondents have opined that fish culture startup is most profitable one in this scenario. And 20percentages of people have preferred that garden and nursery is a good business and 16.25 percentages opined that ornamental fish trading and pet hatchery is an excellent bushiness

FINDINGS OF THE STUDY

From this study, researcher found that,

- ✚ Majority of the respondents in this study are students and 20% of the respondents are rake private job and 15% of respondents are government employees.
- ✚ Majority of the respondents have monthly income between 10000-50000.
- ✚ Majority of the respondents are borrowed money from others.
- ✚ Majority of the respondent have interested to save money but they have no sufficient money because they have no surplus/sufficient/money.
- ✚ Majority of the respondents have a bank A/c because they want to keep their money with safety& security.
- ✚ Majority of the respondents are lower income group.
- ✚ In their only few members have regular source of income.
- ✚ In their only few respondents have regular saving habits.
- ✚ Some of the respondents save their money for meeting future needs.
- ✚ Majority of the respondent have difficulty to save their money because of their income fluctuation.
- ✚ Most of the respondents are unemployed in which majority of them are female.
- ✚ Most of the respondents have no idea about new start up.
- ✚ Most of the respondents modes of saving in chitties and curries .
- ✚ most of the respondents have average knowledge about various investment opportunities

SUGGESTIONS

- ✓ Should need to encourage saving habits of youth.
- ✓ Youngsters also take the leadership of the family. It should promoted by the aged people in the family.
- ✓ Should provide financial education to all youngsters of the Edayur Panchayath
- ✓ People need to know about government welfare schemes & different investment schemes and exploit the advantage.
- ✓ The people who need to enhance proper financial planning.
- ✓ Female have very low financial literacy/knowledge. So they should need to improve.
- ✓ Should encourage them to preparing their monthly income and expenditure it will help to reduce unnecessary expenses.

CONCLUSION

Financial Literacy among youth is very important in this scenario. Because the youngsters should need to know knowledge regarding handling of their income & expenditure. Much past research has indicated that most people are financial illiterate, furthermore, women tend to report lower financial literacy than men. In Edayur Panchayath , most of youngsters handle their income and expenditure but most of the women have low financial literacy/knowledge and they need to improvement. But they only depend on individual bank A/c for beneficiaries from savings. So the Government agencies have to redesign the financial literacy among the youth.

REFERENCES

- Chen, Haiyang, and Ronald P. Volpe. (1998). An Analysis of Personal Financial Literacy Among College Students, Financial Services Review, Vol.7 (2), pp.107 –
- Haiyang Chen and Ronald P. Volpe. (1998). An Analysis of Personal Financial Literacy Among College Students, Financial Services Review, vol. 7(2): 107-128
- Hibbert, Jeffery R., Ivan F. Beutler, and Todd M. Martin. (2004). Financial Prudence and Next Generation Financial Strain, Financial Counseling and Planning, Vol.15 (2), pp.1-9
- K.R. Pillai, Rosita Carlo & Rachel D'Souza (2010). Financial prudence's among youth.
- Lusardi, Annamaria, Olivia S. Mitchell, and Vilsa Curto. (2009). Financial literacy among the Young, Working Paper No.191, University of Michigan, p.4
- Miller, Margaret, Nicholas Godfrey, and Bruno Levesque.9 2009). The Case for Financial Literacy in Developing Countries. Washington D C: World Bank
- Roberts, J. A., & Jones, E., (2001). Money attitudes, credit card use, and compulsive buying among American college students. The Journal of Consumer Affairs, Vol. 35, pp. 213–240

- K.R. Pillai, Rosita Carlo & Rachel D'Souza (2010). Financial prudence's among youth.
- Retrieved from Online at <https://mpa.ub.uni-muenchen.de/22450/> MPRA Paper No. 22450, posted 8. May 2010 06:40 UTC.
- K. R. Pillai: krpillai@rediffmail.com Rosita Carlo: roza28288@gmail.com Rachel D'souza: racdsouza@gmail.com.

