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## A STUDY ON “FINANCIAL LITERACY AMONG THE PUBLIC OF GUJARAT”

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### ABSTRACT:

The survey asked respondents to give opinion on knowledge about the finance, as well as the rate their knowledge about finance. In survey various questions are asked to respondents like type of insurance they have, whether they put their money aside for any emergency condition in future, from which source they get financial knowledge etc. the results show that the peoples are aware about financial knowledge also majority of peoples are wanted to learning about stock market and mutual funds. Stock market and Mutual funds are good secondary income for the peoples. Due to covid – 19 Majority peoples are known that second income source is very important. In addition, the survey revealed that majority of peoples believe that investment with high return likely to be high risk. Generally, it is believed that high risk means high returns.

Finance includes wide range of services like Banks, Stock market, Mutual funds, money and credit market, investment etc. so peoples need to learn about how to manage their income or money. So financial management is very necessary for every person to manage their lifestyle. Survey show that majority of peoples sometime makes goals about spend money and discuss with their family. Financial knowledge allows peoples to how to manage their money and carefully spend money. Survey indicates that most of peoples still very interested to increase their financial knowledge. In modern time various platform through which peoples can gain knowledge about finance like YouTube, different types of apps, various financial newspapers, news channels etc. Mostly peoples invest their money by discussing with their friends and relatives so it is wrong way to invest.

**Key words:** financial knowledge, Stock market, mutual funds

### INTRODUCTION:

Financial literacy is the knowledge acquired by an individual who then uses it to attain the best of its financial resources in hand. Therefore, attaining financial literacy is vital as it give a person to get maximum output from its resources. Financial literacy is the education and understanding of various financial areas including topics related to managing personal finance, stock market, mutual fund money and investing. It helps on the ability to manage personal finance matters in efficient manner, and it involves the knowledge of making appropriate decision about personal finance such as investing, insurance, budgeting, retirement and tax planning.

Financial literacy is the major challenges faced by the all countries globally. Financial literacy is the skills and attitude towards financial matters. It helps to make informed decision and well-being of an individual. In today's world market consisting of complicated products and services. So, it is very important to gain knowledge about finance from appropriate source so that individual can make right decision. The government and other institution have taken ladder through financial education programme to increase the financial literacy among the public of India.

Financial literacy is very crucial for old, young, man, women, households and workings. Financial literacy is help to grow and manage financing proper way. The important of financial literacy cannot be neglected as it is not only contributing in the well-being of people but also assist them to become economically empowered. Continuously changing financial market and increasing burden of financial decision making.

It helps individuals to take decisions for the improvements and advancements of their social life, culture, economics and environments.

In recent years, financial literacy has become a jargon in academic and its affect the financial reforms across the world. Although modern technologies, investment opportunities and liberalization policies make new financial products and services widely accessible.

**OBJECTIVE OF STUDY:**

1. The main and broad objective of study is to know financial knowledge of public of Gujarat.
2. To study the factor that affect the financial decision of the peoples.
3. To study the relationship between demographic factor and financial literacy.

**PROBLEM OF THE STUDY:**

1. financial knowledge: one of the biggest problems is lack of financial knowledge of the peoples. And also, the lack of trustable resources from which peoples can get the financial knowledge.
2. Decisions: Due to varieties of financial products and services peoples cannot take proper decision to invest their money.
3. financial management: still many peoples not make financial goals and discuss with family about spend money and invest their income in proper investment plan. Personal financing is very important for everyone so that they can maintain their life balance.
4. Clarity about financial product and services: Another problem is clarity about financial products and services among the peoples.

**SUGGESTION TO IMPROVE FINANCIAL KNOWLEDGE OF THE PEOPLES:**

1. Awareness Programmes: In order to increase financial knowledge of the people's government and financial institution held various types of awareness programmes so that peoples can get proper financial knowledge.
2. Take a lead to increasing financial knowledge by introducing new and simple apps so that peoples can get understand finance concept easily.
3. Knowledge is key to all ventures. Nothing works better than reading when it comes to financial literacy. People must read financial section of daily newspapers.
4. Start reading financial materials – peoples can use financial blogs, newsletters, books and magazines which improve the financial knowledge of the people.

**LITERATURE REVIEW:**

1. Lavanya Rekha Bahadur (2015) analyzed two pillar of economy financial literacy and financial inclusion and its current scenario as well as common people perspective about financial instruments. Data collected from 202 individuals and found that low level of financial literacy and suggested to encourage financial literacy from school level, national level programmes.
2. Rahul Singh Gautam, D Rastogi, Aashi Rawal: The paper aims to examine the impact of financial literacy on the inclusion and rural development in India. As per result financial literacy positively impacts financial inclusion and rural development. The present study show that banks and government need to pay more attention to expanding financial literacy.
3. CA Deepak, Pradeep Singh, Arnav Kumar: In this study an attempt is made to examine the burning issue of "Financial literacy among investors", from multi perspective. To conclude it can be said that the eminent area of financial literacy holds many unexplored dimensions which researchers can take up in future.
4. Chetna Singh, Raj Kumar (2017): This study shows that the importance of financial literacy and barriers of financial literacy, The changes brought to bring improvement in the financial literacy of women in India and the suggestions to improve financial literacy in India among the women.
5. Agarwal et al (2010): In this study of financial literacy and financial planning evidence from India shows that the majority of the respondents from India are financially literate. The findings of the study also reveal that male respondents are more financially literate than women respondents, no significance difference shown among the different age group and income group and respondents with higher education tends to be more financial literate than respondents with lower education.
6. Kefela (2010): In this study on The case for financial literacy on developing countries Promoting access to finance by Empowering consumers found that financial literacy plays an important role in promoting access to finance. The study also shows that having access to financial products such as saving accounts and insurance can greatly affects customers' financial future and their financial wellbeing.
7. Mathivanan and Mohanaranjani (2013): This study examined the gap between financial literacy and savings or investment behavior of working women. The result of their shows that the awareness for traditional saving was very high among women, but have actively shifted their saving or investment avenues from traditional bank saving avenues to modern and technically advanced avenues. The findings also shows that financial literacy was low among the elder women.
8. Gupta and Kaur (2014): In their study of financial literacy among 100 Micro entrepreneurs in Kangra district show that respondents have poor financial skills, which demonstrate by their poor record keeping practices, poor cash managements, poor saving habits, and a lack of knowledge about various financial products and instruments.

**RESEARCH METHODOLOGY**

Research is the process of gathering, analyzing, and interpreting information to answer questions or solve problems. It is a systematic and organized efforts to investigate a specific problem that needs a solution. Research is used to gain knowledge, test theories, and develop new ideas.

Research Methodology is the process of systematically gathering, analyzing, and interpreting data to answer research questions. It encompasses a wide range of approaches, including quantitative research, qualitative research, mixed methods research, action research, and participatory research. The purpose of research methodology is to ensure that the research conducted is rigorous, systematic, and valid.

## ❖ Research design:

The research design is the basic frame work, which provides guidelines for the rest of the research process. The research designs the methods of the collection of data collection and analysis data.

- Primary data: The primary data is collected through questionnaires meeting respondents personally and the internet. The primary data is collected by asking question of following categories. Multiple choice question.
- Secondary data: The major source of secondary data are Magazines, websites, newspapers etc.
- Nature of study: The study is descriptive and analytical in nature.
- Area:  
The research is done in Gujarat (Vadodara, Bharuch).
- Nature of data:  
The study is based on primary data. Data that are gathered originally for a certain purpose are known as primary data.
- Source of data:  
The primary data is collected by using questionnaires.
- Method of sampling:  
The method used for the study is random sampling.
- Size of sample:  
The size of sample is 101.
- Tools used for analysis:  
A structured Questionnaire was issued, and the type of question covered are name, age, gender, qualification, annual income and question- related to finance.

**DATA ANALYSIS AND INTERPRETATION:**

- Age and knowledge about finance

| Age of respondent * Scale of financial knowledge of respondent Crosstabulation |              |  |   |    |    |    |       |
|--|--------------|--|---|----|----|----|-------|
| Count  |              |  |   |    |    |    |       |
|  |              | Scale of financial knowledge of respondent |   |    |    |    | Total |
|  |              | E  | D | C  | B  | A  |       |
| Age of respondent  | 18-22        | 3  | 3 | 19 | 21 | 7  | 53    |
|  | 22-28        | 0  | 3 | 8  | 22 | 10 | 43    |
|  | 28-35        | 0  | 0 | 0  | 1  | 1  | 2     |
|  | 35 and above | 0  | 1 | 0  | 2  | 0  | 3     |
| Total  |              | 3  | 7 | 27 | 46 | 18 | 101   |

| Chi-Square Tests             |                     |    |                                     |
|------------------------------|---------------------|----|-------------------------------------|
|                              | Value               | df | Asymptotic significance (2 – sided) |
| Pearson Chi-Square           | 14.095 <sup>a</sup> | 12 | .295                                |
| Likelihood Ratio             | 15.356              | 12 | .223                                |
| linear-by-Linear Association | 2.250               | 1  | .134                                |
| N of Valid Cases             | 101                 |    |                                     |

a. 14 cells (70.0%) have expected count less than 5. The minimum expected count is .06.

Chi- square value=14.095, df= 12 & p= .295 indicating that the significant value is more than 0.05 so, the null hypothesis is being accepted and hence there is no significant relationship between age and financial knowledge.

- ❖ Ho1: There is no significant relationship between age and financial knowledge.
- ❖ Ho2: There is a significant relationship between age and financial knowledge.

- Education and knowledge about finance

| Education of respondent * Scale of financial knowledge of respondent Crosstabulation |                       |  |   |    |    |    |       |
|--|-----------------------|--|---|----|----|----|-------|
| Count  |                       |  |   |    |    |    |       |
|  |                       | Scale of financial knowledge of respondent |   |    |    |    | Total |
|  |                       | E  | D | C  | B  | A  |       |
| Education of respondent  | less than high school | 0  | 0 | 0  | 1  | 2  | 3     |
|  | High school           | 1  | 1 | 3  | 5  | 2  | 12    |
|  | Under graduate        | 1  | 2 | 11 | 16 | 8  | 38    |
|  | Post graduate         | 0  | 3 | 12 | 22 | 6  | 43    |
|  | Some courses/ diploma | 1  | 1 | 1  | 2  | 0  | 5     |
| Total  |                       | 3  | 7 | 27 | 46 | 18 | 101   |

| Chi-Square Tests             |                     |    |                                   |
|------------------------------|---------------------|----|-----------------------------------|
|                              | Value               | df | Asymptotic significance (2-sided) |
| Pearson Chi-Square           | 16.112 <sup>a</sup> | 16 | .445                              |
| Likelihood Ratio             | 14.173              | 16 | .586                              |
| Linear-by-Linear Association | 1.769               | 1  | .183                              |
| N of Valid Cases             | 101                 |    |                                   |

a. 18 cells (72.0%) have expected count less than 5. The minimum expected count is .09.

Chi square value= 16.112, df= 16, p=.445 indicating that the significant value is more than 0.05. so that null hypothesis is being accepted and hence there is no significant relationship between education and financial knowledge.

Ho2: There is no significant relationship between education and financial knowledge.

Ho2: There is significant relationship between education and financial knowledge.

## FINDING AND CONCLUSION:

### FINDINGS

- From the study conducted it is most people are aware about financial knowledge.
- Most people are age between 18-22 and 22-28.
- In this study 42% peoples are post graduate and 38% are undergraduate.
- Here I found that 46% peoples are put money aside for emergency every month while 23% peoples are put money aside for emergency every week.
- In this study I found that 45% peoples are still very interested in increasing their financial knowledge.
- In this study I found that 70% and 45% peoples are interested in learn about stock market and mutual funds respectively.
- In this study I found that 51% people prefer stock market apps to gain information about finance while 45% peoples are preferring financial newspaper to gain information about finance.
- In this study I found that 83% peoples have a health insurance.
- In this study 94% peoples believe that investment with a high return likely to be high risk.
- In this study I found that 45% peoples have a good financial knowledge.
- In this study I found that 75% peoples have a financial goal.

### CONCLUSION:

The study examines the financial knowledge, personal finance, how peoples spend their money. The result show that majority of peoples possessed good level of financial knowledge. Results also indicate that still many peoples want to learn about stock market and mutual fund services. The result show that age and education have no significant relationship with financial knowledge.

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