



## Financial Literacy Among Retired Persons: A case Study of Rajkot City

### KEYWORDS

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**ABSTRACT** Financial literacy is now becoming a subject of great interest as a result of global economic situation. Financial literacy is the ability to understand finance. The present study aims to identify and evaluate the financial literacy among retired persons of Rajkot city. A model has been proposed to find out the views of retired persons who are mainly concerned with the financial literacy so that their knowledge and awareness towards financial literacy can be assessed.

### Introduction

Financial literacy is the possession of knowledge and understanding of financial matters. Financial literacy is mainly used in connection with personal finance matters. Financial literacy often entails the knowledge of properly making decisions pertaining to certain personal finance areas like real estate, insurance, investing, saving (especially for college), tax planning and retirement. It also involves intimate knowledge of financial concepts like compound interest, financial planning, the mechanics of a credit card, advantageous savings methods, consumer rights, time value of money, etc.

Financial Literates will not be those who know how to save but those who can achieve their financial goals & achieve financial freedom. Financial Literacy is important, no matter what age group you belong to, whether you are just starting 5th grade, funding your college education, planning g for a family or retiring. Financial Literacy will help you achieve your goals whether they are to own your own business, raise a family, or to retire to a desert island.

### Literature review

Dean Roy Nash published an article “Financial Literacy: An Indian Scenario” in Indian journal of public in 2009. The survey conducted by The Financial Express shows that India has made rapid progress in the field of financial education among the ten Leading nations of the world.

Maarten van Rooij, Annamaria Lusardi, Rob J. Alessie published an article “Financial Literacy, Retirement Planning, and Household Wealth” in 2011. The survey shows that financial literacy is positively related to retirement planning and household wealth.

### Objectives

1. To develop insight into the global financial literacy.
2. To understand and analyze the financial literacy among retired persons.
3. To measure the financial awareness and knowledge of the retired persons.
4. To make suggestions for better investment options to the perspectives investors.

### Hypotheses

Ho: There is no significant difference between Age group and responses of retired persons on various issues related to financial literacy.

Ho: There is no significant difference between saving and responses of retired persons on various issues related to financial literacy.

### Research Methodology

In the present study, both primary and secondary data were collected.

#### • Sample design

For collecting primary data; field survey technique was employed in the study. First, information was collected from the retired persons of Rajkot city. The respondents were chosen from the entire cities. The respondents were selected through probability method of random sampling technique for survey and non – probability convenience sampling technique. The population included retired persons of Rajkot city. All the questionnaires used were closed – form question, i.e., questions concerning relevance and reliability were stated as propositions and adopted a Linkert five point scale.

#### • Tools and Techniques:-

F – Test and Sandler – ‘A’ at 5% level.

### Results and discussion

The analysis is completely based on primary information from the sampled respondents identified according to the sample design.

#### ➤ AGE GROUP (base)

**Table No: - 1**

**Average score of the responses of respondents on various issues**

Sr. No. of various issues related to financial literacy	All respondents	Age Group				
		G-1	G-2	G-3	G-4	Total
1	4.58	4.77	4.47	4.40	4.25	17.89
2	4.18	4.41	4.11	4.00	4.50	17.02
3	3.30	3.68	4.84	2.60	2.25	13.37
4	3.56	4.59	3.47	3.40	4.00	15.46
5	3.34	3.55	3.42	2.60	2.75	12.32
6	3.16	3.14	3.63	2.40	2.00	11.17
7	3.72	3.82	3.79	3.40	3.25	14.26
8	3.26	3.27	3.42	2.60	3.25	12.54
9	4.14	4.09	4.16	3.60	5.00	16.85
10	3.62	3.82	3.53	3.80	2.75	13.90
11	3.82	3.95	4.05	2.80	3.25	14.05
12	3.44	3.86	3.26	2.60	3.00	12.72
13	3.92	4.00	4.00	3.40	3.75	15.15
14	3.50	3.55	3.68	3.60	2.25	13.08
15	3.34	3.50	3.21	3.20	3.25	13.16
Total	54.88	58.00	57.04	48.40	49.50	212.94

(Source: Computed from the questionnaire)

**Analysis:-**

Average level of financial literacy of respondents classified into different age groups is discussed in table – 1, which shows that there are 50 respondents classified into 4 groups, viz., G – 1 to G – 4. The total average value of all respondents is 54.88 and the serial number is 1 to 15, in which serial number 1, representing that investment activity is necessary for healthy financial life with the highest score of 4.58.

In G – 1 and G - 3, in which serial number 1, representing that investment activity is necessary for healthy financial life with the highest score of 4.77 and 4.40 respectively. In G – 2, in which serial number 3, representing that When market goes down, retired persons sell off their riskier investment and put the money in safer investment with the highest score of 4.84. In G – 4, in which serial number 2, representing that Market information & skills are necessary in investment decision with the highest score of 4.50.

**Table No – 2**  
**Analysis of ANOVA According to retired person’s responses on various Issues (Base: Age group)**

Source of Variation	SS	D.F.	MS	F-ratio	F – limit
SS Between groups	13.17	14	0.94	4.38	1.93
SS between respondents view	5.66	3	1.88	8.78	2.83
Error	9.028	42	0.21	-	-
Total	27.86	59	-	-	-

**Analysis:**

The above table no. 2 shows the statistical analysis of the respondents opinions on various issues related to financial literacy. The calculated value of SS between groups is higher than table value. So, null Hypothesis is rejected. The calculated value of SS between respondent’s views is higher than table value. So, null Hypothesis is rejected. Result is not as per expectation of researcher.

➤ **SAVING(base)**

**Table No: 3**

**Average score of the responses of respondents on different issues and Analysis of Sandler ‘A’**

Sr. No. of various issues related to financial literacy	All Respondents	Saving			Difference (D)	(D)2
		G-1	G – 2	Total		
1	4.58	4.52	5.00	9.52	-0.48	0.2304
2	4.18	4.11	4.67	8.78	-0.56	0.3136
3	3.30	3.25	3.67	6.92	-0.42	0.1764
4	3.56	3.52	3.83	7.35	-0.31	0.0961
5	3.34	3.25	4.00	7.25	-0.75	0.5625
6	3.16	3.14	3.33	6.47	-0.19	0.0361
7	3.72	3.68	4.00	7.68	-0.32	0.1024
8	3.26	4.07	4.67	8.74	-0.60	0.3600
9	4.14	3.30	3.00	6.30	0.30	0.0900
10	3.62	3.59	3.83	7.42	-0.24	0.0576
11	3.82	2.80	4.00	7.80	-1.20	1.4400
12	3.44	3.41	3.67	7.08	-0.26	0.0676
13	3.92	3.93	3.83	7.76	0.10	0.0100
14	3.50	3.52	3.33	6.85	0.19	0.0361
15	3.34	3.36	3.17	6.53	0.19	0.0361
Total	54.88	54.45	58.00	112.45	-5.15	3.6149

(Source: Computed from the questionnaire)

**Analysis:-**

Average level of financial literacy of respondents classified into different saving group is discussed in table – 3, which shows that there are 50 respondents classified into 2 groups, viz., G – 1 to G – 2. The total average value of all respondents is 54.88 and the serial number is 1 to 15, in which serial number 1, representing that investment activity is necessary for healthy financial life with the highest score of 4.58.

In G – 1 and G – 2, in which serial number 1, representing that investment activity is necessary for healthy financial life with the highest score of 4.52 and 5.00 respectively.

**Analysis:-**

The above table no.3 shows the statistical analysis of the respondent’s opinions on various issues related to financial literacy.

$$\text{Sandler 'A'} = \frac{\sum D^2}{(\sum D)^2} = \frac{3.6149}{(-5.15)^2} = 0.1363$$

**For H0: Acal. (0.1363) > Atab (0.270). Therefore, Null Hypothesis is rejected.**

Result is not as per expectation of researcher.

**Measurement of Financial Literacy**

The researcher has give weight like Strongly Agree – 5, Agree – 4, Undecided – 3, Disagree – 2 and Strongly Disagree – 1.

The following table shows weighted average no. of respondents.

**Table No. 4**  
**Measurement of Financial literacy**

Particular	Strongly agree	Agree	Undecided	Disagree	Strongly Disagree	Total
No. of respondents	197	291	91	127	36	750
Weight	5	4	3	2	1	-
Sum = No. of respondents × Weight	985	1164	273	254	36	2712

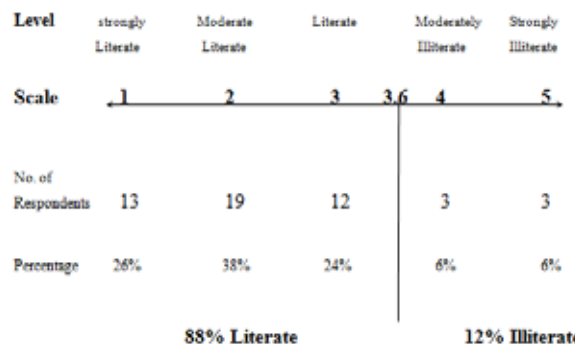
The above table No. 4.93 and following formula, researcher has defined the general level are as follow:-

General level of respondents for financial literacy = Total of Sum/Total No. of respondents

$$= 2712/750$$

$$= 3.6$$

The following Scale shows the financial literacy of respondents:-



Researcher has been concluded that 88% of respondents are know that how to invest and where to invest and 12% of respondents are not aware about how to invest and where to invest.

#### Finding

1. Acceptance of alternate hypothesis indicates that the age group is affected on issues related to financial literacy.
2. Acceptance of alternate hypothesis indicates that the saving is affected on issues related to financial literacy.

3. The main purpose of this study is measuring financial literacy among the retired persons. So researcher has drawn, the 88% retired persons are literate and 12% retired persons are illiterate.

#### Suggestions

1. Investors should have comprehensive knowledge about capital market.
2. Only 12% retired persons are illiterate. So Govt.-market regulatory SEBI needs to organize training programme for improving financial knowledge and awareness.

#### REFERENCE

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