



Study of Financial Knowledge among Selected People of Gujarat

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ABSTRACT

World has recognized that Financial Education is most important for the people and almost all countries of the world has tried to spread knowledge of financial matters through different means like seminars, workshops etc. India is not behind in this matter. India has initiated to give knowledge to the people of India. SEBI, BSE, NSE and other institutes are working hard for this. Financial knowledge gives balance in financial matters and secure safe and smooth life without bankruptcy. The purpose of this paper is to assess the level of financial literacy among the people of Gujarat in selected city. For this purpose we have we have contacted 150 people and examined the level of financial knowledge.

KEYWORDS

INTRODUCTION:

Financial mean learning how to create and manage a household budget, learning how to invest money for retirement, or participating in one-on-one coaching and counseling to determine how to buy a house or start a business. It also is part of an overall strategy to increase economic security for lower-income families. Financial education, just like reading and writing, affects the well-being of every individual. It also affects the economic and social well-being of every community and, ultimately, the overall strength of the nation's economy.

According to M. Gowri "Financial literacy is mainly concerned with better planning of retirement life, gradual wealth accumulation and better financial decision making. So to be financially literate becomes important from the initial stages of one's career. But due to some personal or professional hindrances they become financially illiterate. This leaves them with inadequate knowledge about financial dealings, inappropriate decisions etc., so, they have to be enhanced with financial knowledge and tools which are needed to make informed decisions. Financial literacy impacts the promotion of financial inclusion which ultimately results in financial stability of any economy. The need for financial literacy in India has gained importance because of low level of literacy and large section of population which is financially excluded from the formal financial set up."

REVIEW OF LITERATURE

Literature surveys for the research work are as follows

Chen and Volpe (1998) analyzed personal financial literacy among 924 students at 14 colleges, both public and private schools in California, Florida, Kentucky, Massachusetts, Ohio and Pennsylvania from United States. Participants were asked to answer 52 questions including 36 multiple-choice questions on personal finance. **Gerek and Kurt (2008)** conducted the study a study to determine the economic literacy of university students. it was revealed that they had a mean score of 65; that both female and male students had the same number of correct answers, while the students taking the economy course were more successful than those who did not take the same course; and that the students had an average level of economic literacy. **Tullio Jappelli (2009)** has made comprehensive assessment of literacy across the world based on a survey of executives in 55 countries, in 1995-2008. His analysis shows that its level depends on educational achievement, social interactions (as proxies by the share of urban popula-

tion), and mandated savings in the form of social security contributions.

RESEARCH METHODOLOGY

The study is explorative in nature. It is based on primary data only collected through questionnaire. The questionnaire is based on project conducted by money master which was funded with support from the European Commission in the year April 2013. For this purpose a survey was conducted and response was recorded. The selection of the respondent was on the non-probability convenient sampling method. For this study, I was taken 150 respondents. All respondents were given full answer of question. Some respondents were not given to the annual saving, but most of peoples were given the answers of questions.

Objective

The main objective of this study is to measure the level of financial literacy among peoples of Gujarat.

DEMOGRAPHIC INFORMATION

Variable	Particular	Frequency	Percentage %
Marital Status	Married	99	66.0
	Unmarried	51	34.0
Education Background	UG	56	37.3
	Graduate	60	40.0
	PG	27	18.0
	Other	7	4.7
Occupation	Students	44	29.3
	House wife	8	5.3
	Govt. job	21	14.0
	Private Job	41	27.3
	Professional	24	16.0
Monthly personal Income	Retired Employee	12	8.0
	Denied	149	99.3
Annual Saving	Given	1	.7
	Response Given	6	4
	Response Not Given	144	96

Above table shows that majority of the respondents are married, graduate and above, and employed. We can also observe

that respondents are not share their income and saving detail even the researcher mentioned that such information will be kept confidential.

MEASURING FINANCIAL LITERACY OF RESPONDENTS

To measure the knowledge of division, inflation, simple and composed interest, diversification, risk and return, definition of inflation and insurance the researcher has asked following questions to the respondents.

Q-1. To know the knowledge of Division the research has asked Imagine that five brothers are given a gift of Rs. 1.000. If the brothers have to share the money equally how much does each on get?

Q-2. To know the knowledge of Inflation the research has asked Now imagine that the brothers have to wait for one year to get their share of the Rs. 1.000 and inflation stays at 10% percent. In one year's time they will be able to buy?

Q-3. To know the knowledge of Interest the researcher has asked that suppose you lend Rs. 2500 to a friend one evening and he gives you Rs. 2500 back the next day. How much interest he has paid on this loan?

Q-4. To know the knowledge of Compound Interest the research has asked now imagine that the brothers have to wait for one year to get their share of the Rs. 1.000 and inflation stays at 10% percent. In one year's time they will be able to buy.

Awareness about	Particular	Frequency	Percentage %
Knowledge of Division	Don't Know	15	10.0
	Correct Answer (Rs. 200 each)	135	90.0
Knowledge of Inflation	More with their share of the money than they could today	12	8.0
	The same amount	10	6.7
	Less than they could buy today (Correct Answer)	33	22.0
	It depends on the types of things that they want to buy	28	18.7
	Don't know	53	35.3
	Refused	14	9.3
Knowledge of Interest	Correct Answer (more than Rs.2500)	135	90.0
	Don't Know	13	8.7
	Refused	2	1.3
Knowledge of Compound Interest	Don't Know	40	26.7
	Refused	5	3.3
	Rs. 110 (Correct Answer)	105	70.0

FINDINGS OF THE STUDY

Majority respondents have knowledge of division as 90% of the respondents are able to give correct answer. Only 10% of the respondents have given correct answer. Only 22% of the respondents are able to understand the concept of inflation. Approximately 45% of the respondents either refused to give answer or said they do not know about the impact of the inflation. Again 90% of the respondents have clear knowledge of interest. 70% of the respondents have knowledge of compound interest which is now as days considered as eighth wonder of the world. Almost peoples are known about basic calculation of money. They are also awareness his money.

Cross tabulation shows that Upper Middle Age peoples given highest positive feedback like: up to 51% and Middle ages of peoples was given highest negative feedback like: up to 16% and Senior Citizens was given very low answers like 4% to 3%. Unmarried peoples given highest positive feed-

back like: up to 92% and married peoples was given highest negative feedback like: up to 41%. Thus marital peoples are more Awareness about Financial Knowledge. Graduate peoples was given highest positive feedback like: up to 96% and UG peoples was given highest negative feedback like: up to 45%. Retired Employees given highest positive feedback like: up to 92% and professional was given highest positive feedback like: up to 90% And House Wife given highest negative feedback like: up to 50%.

CONCLUSION

This research paper gives insight in what is the current status of the financial knowledge of the people of Gujarat. We can observe that the knowledge on interest, division and compounding interest is good so people can do better in case of loan but the impact of inflation is not known so investment planning if factor of inflation is not taken in to consideration then it may results in to end up with less return.

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