



A Percentage Based Analysis Of Financial Literacy Among Students



ACCENT JOURNAL OF ECONOMICS ECOLOGY & ENGINEERING
Peer Reviewed and Refereed Journal, ISSN NO. 2456-1037
Available Online: www.ajeee.co.in/index.php/AJEEE

A PERCENTAGE BASED ANALYSIS OF FINANCIAL LITERACY AMONG STUDENTS

Dr. Devendra Singh Bagri

Assistant Professor (Commerce), Govt. Tulsi College, District -Anuppur, Madhya Pradesh

Abstract - This study has three purposes. First, it provides evidence of personal finance literacy among Students of India. Second, it examines why some college students are relatively more knowledgeable than others. The analysis may help us identify factors that determine the level of competency possessed by college students. The third purpose is to examine how a student's knowledge influences his/her opinions and decisions on personal financial issues. Post global financial crisis, Financial Literacy and Financial Inclusion has become a subject of considerable interest among policy makers, researchers and other stakeholders. This heightened interest reflects a better understanding of the importance of financial inclusion for economic as well as social development.

Across the nations, both economically rich and fiscally poor, it is being increasingly recognized that access to financial services has a critical role in reducing extreme poverty, boosting shared prosperity, and supporting inclusive and sustainable development. Similarly, financial literacy is rapidly being recognized as a core skill, essential for consumers operating in an increasingly complex financial landscape. It is therefore no surprise that governments around the world are interested in finding effective approaches to improve the level of financial literacy amongst their population and that many are in the process of creating and implementing a national strategy for financial education to provide learning opportunities throughout a person's life.

Keywords: Financial, Literacy, Students, Financial Inclusion, Awareness.

1 INTRODUCTION

The ability to manage personal finances has become increasingly important in today's world. People must plan for long-term investments for their retirement and children's education. They must also decide on short-term savings and borrowing for a vacation, a down payment for a house, a car loan, and other big-ticket items. Additionally, they must manage their own medical and life insurance needs. India, a fast-growing economy with focus on inclusive growth and a stable financial system, recognizes the need and has accordingly prepared the National Strategy for Financial Education (NSFE) under guidance of the Technical Group on Financial Inclusion and Financial Literacy of the Financial Stability and Development Council (FSDC), which would cater to all sections of the population in the country.

1.1 Terminologies

Saving/Expenses Savings is the money a person has left over when they subtract their consumer spending from their disposable income over a given time period. Savings can be used to increase income through investing, an amount of money needed or used to do or buy something; We have to start

cutting down on our expenses.

Commercial bill Commercial bills, as the name implies, are instruments issued by banks that finance invoices raised by a company. Suppose a company selling goods or products to another company is apprehensive about the payment or at least wishes to enhance the safety of his money can get commercial bills issued by banks. Banks issue advance payment in lieu of invoices that show sale of goods.

Commercial paper Commercial paper is a borrowing instrument that banks and other financial companies make use of to finance short-term investments. Usually banks and large corporations use CP to manage working capital or to purchase inventory.

Call money Call money, also known as "money at call," is a short-term financial loan that is payable immediately, and in full, when the lender demands it. Unlike a term loan, which has a set maturity and payment schedule, call money does not have to follow a fixed schedule, nor does the lender have to provide any advanced notice of repayment.

Notice money the call money is usually availed for one day. If the bank needs funds for more days, it can avail

PRINCIPAL
Govt. Tulsi College Anuppur
Distt. Anuppur (M.P.)



OFFICE, PRINCIPAL GOVERNMENT TULSI COLLEGE, ANUPPUR

Affiliated to Awadhesh Pratap Singh University Rewa (MP)

Registered Under Section 2 (F) & 12 (B) of UGC Act

E-mail: hegtcdcano@mp.gov.in

9893076404



ACCENT JOURNAL OF ECONOMICS ECOLOGY & ENGINEERING

Peer Reviewed and Refereed Journal, ISSN NO. 2456-1037

Available Online: www.ajece.co.in/index.php/AJEEE

money through notice market. Here, the loan is provided from two days to fourteen days.

Leasing We define lease in order to understand the leasing contract. The lease is a contract whereby one party, the lessor, grants the right to use a particular good for a period of time to the other party, the lessee (or tenant), which will pay for the transfer of the right to use a fixed amount regularly.

Hire purchase Hire purchase is a method of financing of the fixed asset to be purchased on future date. Under this method of financing, the purchase price is paid in installments. Ownership of the asset is transferred after the payment of the last installment.

Credit rating is an evaluation of the credit risk of a prospective debtor (an individual, a business, company or a government), predicting their ability to pay back the debt, and an implicit forecast of the likelihood of the debtor defaulting.

Acquisitions /Mergers: Mergers and acquisitions (M&A) is a general term used to describe the consolidation of companies or assets through various types of financial transactions, including mergers, acquisitions, consolidations, tender offers, purchase of assets, and management acquisitions.

Money market the money market refers to trading in very short-term debt investments. At the wholesale level, it involves large-volume trades between institutions and traders. At the retail level, it includes money market mutual funds bought by individual investors and money market accounts opened by bank customers.

Capital market Capital markets, more commonly referred to as the stock markets have been in existence for centuries. The British East India Company was the first company to invite the public to buy shares in the company. Since then, over the years, markets have gone through tremendous changes. The way the market works, the asset classes, the framework of the exchanges and everything has been evolving over time.

Derivatives market the derivative market was introduced in India in the year 2000 and since then it's gaining

great significance like its counterpart abroad. Just like shares, Derivatives are also traded in stock exchanges. Derivatives are a type of security, whose value is derived from an underlying asset. These underlying assets can be stocks, bonds, commodities or currency.

Foreign exchange market is a global decentralized or over-the-counter (OTC) market for the trading of currencies. This market determines foreign exchange rates for every currency. It includes all aspects of buying, selling and exchanging currencies at current ordetermined prices. In terms of trading volume, it is by far the largest market in the world, followed by the credit market

Return inward/Outward Return inwards is sales return, which means that a person who bought goods from your business is does not want them or they do not meet his/her standards he can return the good to you.

Royalty accounts in terms of accounting, royalty is what a lessee pays to a lessor for the use of any rights, copyrights, franchises or any such asset. It is the system of sharing of revenues between the lessee and the lessor. Let us learn more about the special accounting treatments in royalty accounts.

Long term debt in accounting, long-term debt generally refers to a company's loans and other liabilities that will not become due within one year of the balance sheet date. (The amount that will be due within one year is reported on the balance sheet as a current liability.)

Bull market/Bear market exists when the market sentiments are extremely positive and so is the investor confidence. In this phase, investors buy heavily and also get great returns on investments bear market trends are exactly opposite to those of the bull market.

Dividends are the payments from corporate earnings to company shareholders. Dividends are one way for you to receive a return from owned shares. You can think of them as a reward for investing your money with a company.

Partnership A type of business organization in which two or more

PRINCIPAL
Govt. Tulsi College Anuppur
Distt. Anuppur (M.P.)



OFFICE, PRINCIPAL GOVERNMENT TULSI COLLEGE, ANUPPUR

Affiliated to Awadhesh Pratap Singh University Rewa (MP)

Registered Under Section 2 (F) & 12 (B) of UGC Act

E-mail: hegtcdcano@mp.gov.in

9893076404



ACCENT JOURNAL OF ECONOMICS ECOLOGY & ENGINEERING

Peer Reviewed and Refereed Journal, ISSN NO. 2456-1037

Available Online: www.ajeeec.co.in/index.php/AJEEE

individuals pool money, skills, and other resources, and share profit and loss in accordance with terms of the partnership agreement. In absence of such agreement, a partnership is assumed to exit where the participants in an enterprise agree to share the associated risks and rewards proportionately

Debenture's debenture is an instrument used by a lender, such as a bank, when providing capital to companies and individuals. It enables the lender to secure loan repayments against the borrower's assets – even if they default on the payment.

Rating Agencies A rating agency is a company that assesses the financial strength of companies and government entities, especially their ability to meet principal and interest payments on their debts. The rating assigned to a given debt shows an agency's level of confidence that the borrower will honor its debt obligations as agreed.

SEBI (Stock Exchange Board of India) The Securities and Exchange Board of India (SEBI) is the most important regulator of securities markets in India. SEBI is the counterpart of the Securities and Exchange Commission (SEC) in the U.S. Its stated objective is "to protect the interests of investors in securities and to promote the development of and to regulate the securities market and for matters connected therewith or incidental thereto."

2 REVIEW OF LITERATURE

Great Lakes Herald (2015) From the above analysis it can be concluded that overall financial literacy level of 50.90% among all respondents is not encouraging. This shows that in our city people are still not much aware about their finance related issues. Earlier studies have shown that the savings habit among young people is not so high. Likewise, the whole burden of planning their future in terms of finance is on the young individuals, as employee benefits are reduced. Early purchased through credit cards have changed the financial behaviour of the current generation employees. All this has an impact on their financial position. Need for proper

financial literacy and information related to financial matters becomes inevitable. The results of the study suggest that level of financial literacy varies significantly among respondents based on various demographic and socio-economic factors. It can be concluded that financial literacy level gets affected by gender, education, income, marital status and number of dependent whereas it does not get affected by age. Overall, it can be concluded that financial literacy level is low among Gen Y employees in our Coimbatore city and necessary measures should be taken by government to increase awareness about financial related matters.

Studies by Marcolin and Abraham (2006); Schuchardt et al., (2008); Remund (2010) and Huston (2010) found that "Despite the rapid growth of interest in and funding for financial literacy and financial education programs, it remains the case that the field of financial literacy has a major obstacle to overcome: the lack of a widely disseminated measure of financial literacy, developed through rigorous psychometric analyses".

Michael (2009) argues that "A lack of financial literacy can hamper the ability of individuals to make well-informed financial decisions. For people who exhibit problems with financial decision making, financial advice has the potential to serve as a substitute for financial knowledge and capability".

Agarwalla Sobhesh Kumar, Barua Samir, Jacob Joshy, Jayanth R. Varma (2012) conducted a study among 3000 individuals, and found that "Financial knowledge among Indians is very low than the International standards. But the financial behaviour and attitude of the employees and retired seems to be positive. The financial knowledge among the women is marginally high than the men. Greater access to consumption credits has influenced the financial behaviour of young employees". Financial literacy was examined among wave11 individuals which showed that the financial literacy is low and lesser than one third of the young adult possess the basic knowledge of interest rates, inflation and risk diversification. Financial literacy was strongly related to socio demographic characteristics and family financial

PRINCIPAL
Govt. Tulsi College Anuppur
Distt. Anuppur (M.P.)



OFFICE, PRINCIPAL GOVERNMENT TULSI COLLEGE, ANUPPUR

Affiliated to Awadhesh Pratap Singh University Rewa (MP)

Registered Under Section 2 (F) & 12 (B) of UGC Act

E-mail: hegtdcano@mp.gov.in

9893076404



ACCENT JOURNAL OF ECONOMICS ECOLOGY & ENGINEERING

Peer Reviewed and Refereed Journal, ISSN NO. 2456-1037

Available Online: www.ajece.co.in/index.php/AJEEE

sophistication. Specifically, a college educated male whose parents had stocks and retirement savings was about 45 percentage points more likely to know about risk diversification than a female with less than a high school education whose parents were not wealthy (Lusardi, Mitchell and Curto 2006).

Sages and Grable, (2009) in their study found that "the individuals who has the lowest level of financial risk tolerance is the least competent in terms of financial matters, have the lowest subjective evaluation of net worth and are less satisfied with their financial management skills. The level of financial risk tolerance of the individuals determines the financial behaviour".

Ansong and Gyensare (2012) conducted a study among 250 UG and PG University students of Cape Coast reveals that "the age and work experience are positively related to Financial literacy. Also, mother's education is positively correlated with respondents' financial literacy. But, level of study, work location, father's education, access to media and the source of education on money has no influence on financial literacy". Responsibility of money management lies with parents. Parents are the source of financial information. They are confident about their financial future. Their parents are successful in money management and they take them to be their role models in deciding upon financial matters, Canadian Institute of Chartered Accountants CICA Youth Financial Literacy Study 2011.

2.1 Objectives

1. To determine the level of financial knowledge of the young employees
2. To understand the challenges and goals youth have with financial matters
3. To measure the level of financial literacy of young employees

3 METHODOLOGY

India has been selected for data collection. Convenience sampling technique has been used for collection of data. Data is collected from the 247 Respondents (Students). Data have been collected through Self designed questionnaire. Percentage Analysis is used as a tool for analysis of data.

4 RESULTS AND DISCUSSIONS BASED ON DEMOGRAPHIC VARIABLES GENDER

Male	Female
48%	52%

AGE

Below 20 Years	20-25 Years	Above 25 Years
21%	65%	12%

EDUCATION LEVEL

12th	UG	PG	Other
15.8%	23.9%	38.9%	21.5%

MONTHLY EXPENDITURE

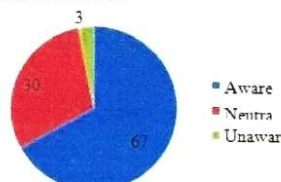
Below 10000	66
Above 10000	34

THE HABIT OF INVESTMENT

YES	NO
64%	36%

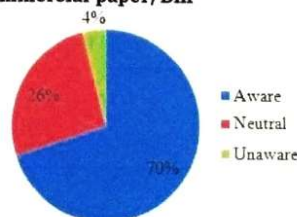
When the respondents were asked that do you have the habit of investment 75% of the total respondents say yes, and rest 25% respondents say no.

4.1 Extent of Awareness in Relation to Financial Literacy Savings/Expenses



The above chart shows that 67% of the respondents aware to the fact that and 30% of them neutral with the same. However 3% of the respondents say unaware.

Commercial paper/Bill



The above chart shows that 70% of the respondents aware to the fact that and 32% of them neutral with the same. However 4% of the respondents say

PRINCIPAL
Govt. Tulsi College Anuppur
Distt. Anuppur (M.P.)



OFFICE, PRINCIPAL GOVERNMENT TULSI COLLEGE, ANUPPUR

Affiliated to Awadhesh Pratap Singh University Rewa (MP)

Registered Under Section 2 (F) & 12 (B) of UGC Act

E-mail: hegtdcano@mp.gov.in

9893076404



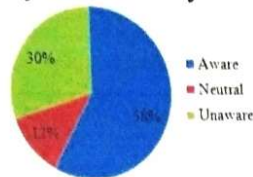
ACCENT JOURNAL OF ECONOMICS ECOLOGY & ENGINEERING

Peer Reviewed and Refereed Journal, ISSN NO. 2456-1037

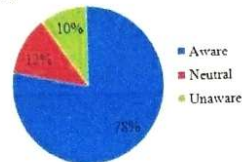
Available Online: www.ajeee.co.in/index.php/AJEEE

unaware.

Call money & notice money



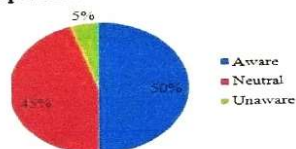
The above chart shows that 58% of the respondents aware to the fact that and 12% of them neutral with the same. However 30% of the respondents say unaware



Leasing

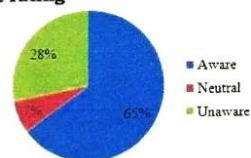
The above chart shows that 78% of the respondents aware to the fact that and 12% of them neutral with the same. However 10% of the respondents say unaware

Hire purchase



The above chart shows that 50% of the respondents aware to the fact that and 45% of them neutral with the same. However 5% of the respondents say unaware

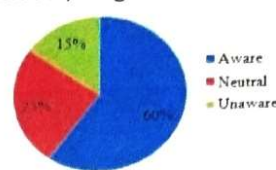
Credit rating



The above chart shows that 65% of the respondents aware to the fact that and 7% of them neutral with the same. However 28% of the respondents say

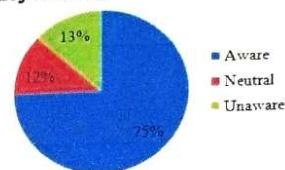
unaware.

Acquisitions/Mergers



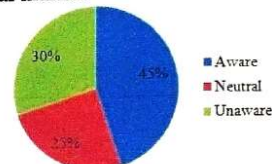
The above chart shows that 60% of the respondents aware to the fact that and 25% of them neutral with the same. However 15% of the respondents say unaware

Money market



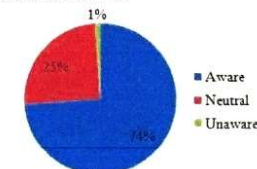
The above chart shows that 75% of the respondents aware to the fact that and 13% of them neutral with the same. However 12% of the respondents say unaware

Capital market



The above chart shows that 45% of the respondents aware to the fact that and 25% of them neutral with the same. However 30% of the respondents say unaware

Derivatives market



The above chart shows that 74% of the

PRINCIPAL
Govt. Tulsi College Anuppur
Distt. Anuppur (M.P.)



OFFICE, PRINCIPAL GOVERNMENT TULSI COLLEGE, ANUPPUR

Affiliated to Awadhesh Pratap Singh University Rewa (MP)

Registered Under Section 2 (F) & 12 (B) of UGC Act

E-mail: hegtdcano@mp.gov.in

9893076404



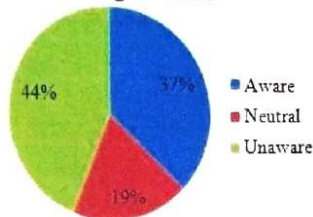
ACCENT JOURNAL OF ECONOMICS ECOLOGY & ENGINEERING

Peer Reviewed and Refereed Journal, ISSN NO. 2456-1037

Available Online: www.ajeee.co.in/index.php/AJEEE

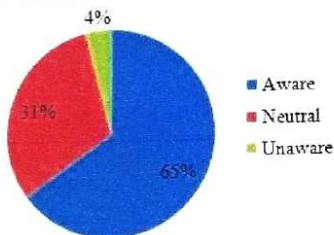
respondents aware to the fact that and 25% of them neutral with the same. However 1% of the respondents say unaware

Foreign exchange market



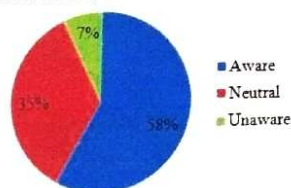
The above chart shows that 37% of the respondents aware to the fact that and 19% of them neutral with the same. However, 44% of the respondents say unaware

Spot market



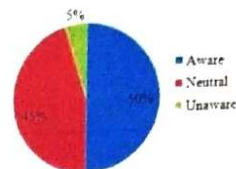
The above chart shows that 65% of the respondents aware to the fact that and 31% of them neutral with the same. However 4% of the respondents say unaware

Return inward/Outward



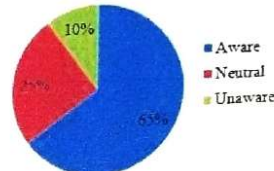
The above chart shows that 58% of the respondents aware to the fact that and 35% of them neutral with the same. However 7% of the respondents say unaware

Royalty accounts



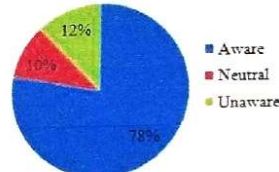
The above chart shows that 50% of the respondents aware to the fact that and 45% of them neutral with the same. However 5% of the respondents say unaware

Long term debt



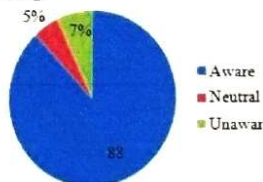
The above chart shows that 65% of the respondents aware to the fact that and 25% of them neutral with the same. However 10% of the respondents say unaware

Dividends



The above chart shows that 78% of the respondents aware to the fact that and 10% of them neutral with the same. However 12% of the respondents say unaware

Partnership



The above chart shows that 88% of the respondents aware to the fact that and

PRINCIPAL
Govt. Tulsi College Anuppur
Dist. Anuppur (M.P.)



OFFICE, PRINCIPAL GOVERNMENT TULSI COLLEGE, ANUPPUR

Affiliated to Awadhesh Pratap Singh University Rewa (MP)

Registered Under Section 2 (F) & 12 (B) of UGC Act

E-mail: hegtdcano@mp.gov.in

9893076404



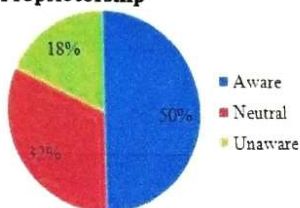
ACCENT JOURNAL OF ECONOMICS ECOLOGY & ENGINEERING

Peer Reviewed and Refereed Journal, ISSN NO. 2456-1037

Available Online: www.ajeece.co.in/index.php/AJEEE

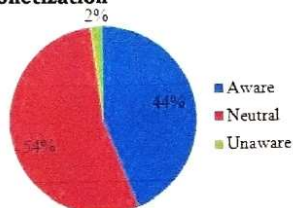
5% of them neutral with the same. However 7% of the respondents say unaware

Sole Proprietorship

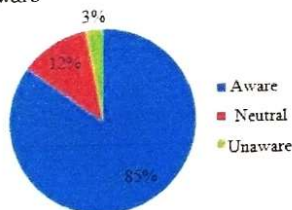


The above chart shows that 50% of the respondents aware to the fact that and 32% of them neutral with the same. However 18% of the respondents say unaware.

Demonetization



The above chart shows that 44% of the respondents aware to the fact that and 54% of them neutral with the same. However 2% of the respondents say unaware



4.2 IPO (Initial Public Offering)

The above chart shows that 85% of the respondents aware to the fact that and 12% of them neutral with the same. However 3% of the respondents say unaware

5 CONCLUSION

In this study, the results clearly show financial literacy among Students of India an effective aware of financial

literacy in India. The findings of this research paper unveil those posts of the users in India. It is observed from the study that the reason for how many people aware of financial literacy terms for citizen of India. It can be additionally concluded from this research study that there is 52% male and 48% female. In this study when found State the level of importance of the following Factors related to terminologies in relation to Financial Literacy.

REFERENCES

1. **Abraham Ansong, Michael Asiedu Gyensare (2012).** Determinants of University Working-Students' Financial Literacy at the University of Cape Coast, Ghana, *International Journal of Business and Management*, 7(9), 126-135
2. **Bruine de Bruin, Wandi, Wilbert van der Klaauw, Julie S. Downs, Baruch Fishhoff, Giorgio Topa, and Olivier Armantier. 2010.** Expectations of Inflation: The Role of Demographic Variables, *Expectation Formation, and Financial Literacy. The Journal of Consumer Affairs*, 44: 381-4020
3. **Edwards, Michael C., and Maria O. Edelen. 2009.** Special Topics in IRT. In *Quantitative Methods in Psychology*, edited by Roger E. Millsap and Alberto Maydeu-Olivares (178-198). Los Angeles, CA: Sage0
4. **Great Lakes Herald (2015)** https://www.greatlakes.edu.in/herald/pdfs/march-2015/Article_3.pdf
5. **Joyce K.H. Nga, Lisa H.L. Yong, Rathakrishnan D. Sellappan, (2010).** A study of financial awareness among youths. *Young Consumers: Insight and Ideas for Responsible Marketers*, 11 (4), 277 - 290
6. **Leura, NSW, Australia Huston, Sandra. J. 2010.** Measuring Financial Literacy. *The Journal of Consumer Affairs*, 44: 296-316
7. **Lusardi, A., Mitchell, O.S., and Curto, V. (2006).** Financial literacy among the young. *Journal of Consumer Affairs*, 44(2), 358-380
8. **Lusardi, Annamaria and Olivia S. Mitchell. 2007.** Financial Literacy and Retirement Planning: New Evidence from the RAND American Life Panel. *CFS Working Paper Series*, 2007/33
9. **Lusardi, Annamaria and Olivia S. Mitchell. 2009.** How Ordinary Consumers Make Complex Economic Decisions: Financial Literacy and Retirement Readiness. Working Paper, Dartmouth College. <http://www.dartmouth.edu/~alusardi/Papers/LusardiMitchellOrdinaryConsumers.pdf>.
10. **Marcolin, Sonia and Anne Abraham. 2006.** Financial Literacy Research: Current Literature and Future Opportunities. Paper presented at the Proceedings of the 3rd International Conference on Contemporary Business Conference.
11. **Remund, David. L. 2010.** Financial Literacy Explication: The Case for a Clearer Definition in an Increasingly Complex Economy. *The Journal of Consumer Affairs*, 44:276-295
12. **Ronald A. Sages, John E. Grable (2009).** Financial Numeracy, Net Worth, and Financial

PRINCIPAL
Govt. Tulsi College Anuppur
Distt. Anuppur (M.P.)



OFFICE, PRINCIPAL GOVERNMENT TULSI COLLEGE, ANUPPUR

Affiliated to Awadhesh Pratap Singh University Rewa (MP)

Registered Under Section 2 (F) & 12 (B) of UGC Act

E-mail: hegtdcano@mp.gov.in

9893076404



ACCENT JOURNAL OF ECONOMICS ECOLOGY & ENGINEERING

Peer Reviewed and Refereed Journal, ISSN NO. 2456-1037

Available Online: www.ajeee.co.in/index.php/AJEEE

- Management Skills: Client Characteristics That Differ Based on Financial Risk Tolerance. Journal of Financial Service Professionals, 57-65.
13. **Schuchardt, Jane, Sherman D. Hanna, Tahira K. Hira, Angela C. Lyons, Lance Palmer, and Jing Jian Xiao. 2008.** Financial Literacy and Education Research Priorities. Journal of Financial Counseling and Planning, 20: 84-95
 14. **Volpe, Ronald P., Joseph E. Kotel, and Haiyang Chen. 2002.** A Survey of Investment Literacy Among Online Investors. Financial Counseling and Planning, 13: 1-13
 15. **Wainer, Howard. 1995.** Precision and Differential Item Function on a Testier-Based Test: The 1991 Law School Admissions Test as an Example. Applied Measurement in Education.


PRINCIPAL
Govt. Tulsi College Anuppur
Distt. Anuppur (M.P.)