

TO STUDY ON THE LEVEL OF FINANCIAL LITERACY ACCORDING TO DIFFERENT ECONOMIC CLASSES IN BARDOLI REGION

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Abstract:

The contemporary study tries to measure financial literacy according to the different economic classes in bardoli region. The study also intended to find a bond amongst demographic and socio-economic factors through financial literacy. To resolute the financial study, the data were collected through a structured questionnaire. The research reveals that there is a good level of knowledge about investment avenues amongst investors in bardoli region rendering to different economic classes. A sample of 100 respondents was taken to research the level of financial literacy among the different economic classes in the nearby bardoli region. The data was scrutinised through SPSS software. In the questionnaire, there were general knowledge questions to identify the level of financial literacy of an individual and Likert scale type questions were comprised. The Test applied in data analysis were Frequency & percentage analysis, One-Sample Test, Other non-parametric tests like Mann- Whitney U & Kruskal- Wallis H Test.

Keywords:

financial literacy, demographic and socio-economic factors, unmanageable debt burdens, housing foreclosure, Financial Institution, Financial Adviser and personal finance.

Introduction:

Financial literacy is the substance of your relationship with money, and it is a permanent journey of learning. The earlier you start, the better off you will be because education is the key to success when it comes to currency. Financial literacy has a concern with personal finance matters. It frequently involves the information of taking conclusion concerning some personal finance areas like real estate, insurance, savings, tax planning and retirement etc. The importance of finance in modern society, lacking financial literacy can be very harmful to an individual's long-term financial success. Being financially illiterate can lead to several drawbacks, such as being more likely to accumulate unmanageable debt burdens, either through poor spending decisions or lack of long-term preparation. This can lead to poor credit, bankruptcy, housing foreclosure, and other negative consequences.

Key steps to progress financial literacy:

- Learning the skills to generate the budget
- Pay yourself initial
- Pay bills punctually
- Get your credit report
- Check your credit score
- Accomplish Debt
- Invest in your upcoming

Literature Review:

(Neha Garg, Shveta Singh 2018) “Financial literacy among youth” This learning analyse the level of financial literacy among youth in the world built on earlier studies. The study mainly focuses on how socio-economic and demographic factors such as age, gender, marital status, and income influence the financial literacy of youth and whether there is any interrelation between financial knowledge, financial attitude and financial behaviour. **(Swati Prasad, Ravi Kiran et al. 2021) "Behavioural, Socioeconomic Factors, Financial Literacy and Investment Decisions: Are Men More Rational and Women More Emotional?"**

The results display that in both genders, behavioural factors, socio-economic factors, and financial literacy factors knowingly affect investment decisions. The result reveals that for women investors, the model is more real. The learning may be useful for future fund managers as, in many earlier studies, women are considered to be risk averse. The outcomes determine that there is a need to aim for women, and the situation today is not similar to pre-existing ones. **(Hetal Pandya 2018) "Financial literacy in the state of Gujarat"** The Conclusion Displays that variables like gender, income, education, occupation and marital status connection with financial literacy is checked. It originated that in rural areas financial literacy is less than in urban. This connection among financial literacy and income, occupations, marital status etc. **(Vibhuti Shivam Dube, Dr Pradeep Kumar Asthana 2017) "A Comparative Study on Financial Literacy of Uttar Pradesh with the Central Zone States in India"** The financial knowledge level in Uttar Pradesh and making a relative study with central zone states, we can say that the Government should deliver inform financial knowledge training to different segments of the society both at the urban and rural areas at more large scale. The Government and financial institutes should take more initiatives in starting programmes to educate people concerning the benefits of financial planning. **(Blessy Roy, Dr Ruchi Jain 2018) “A Study on level of Financial Literacy among Indian Women”** This learning shows that women also have an absence of information of basic banking knowledge like cash payments or transferring the funds to another account. The major cause behind this is that females are highly unfamiliar with the recent monetary modernizations in the

market. The females are highly risk-averse and do not want to risk their hard earned money in those financial instruments that can give rich capital gains on their investment. **(Beata Swiecka, Eser Yesildag, et al. 2020) “Financial Literacy: The Case of Poland”** This result shows that they can be normal in their financial decision making. However even though, it is understood that gender makes a change in financial behaviour and use of financial tools gender does not make any change in the level of financial knowledge. The financial literacy level of males is found to be higher than females. **(Asli Elif Aydin, Elif Akben Selecuk 2019) “An investigation of financial literacy, money ethics and time preference among college students: A structural equation model”** The learning recommend that students with higher financial knowledge scores have more favourable financial behaviours. It is also verified that financial boldness is related to financial behaviour. Also, a significant and negative connection between the emotional measurement of the money principle concept and financial behaviour is found. Indifference, the association between the behaviour dimensional of money principle and financial behaviour is positive. It is additionally verified that a present positioning leads to more negative financial attitudes. **(Huda Abdalla, Ashok K Srivastava 2017) “A Study on financial literacy rate of select employees at UAE.”** This study shows that result of the rise in oil prices, the real gross domestic product per capita of the UAE has speedily increased: So, many locals now have extra money to save or invest, and look for investment opportunities. **(Swati Prasad, Ravi Kiran, Rakesh Kumar Sharma 2021) "Influence of financial literacy on retail investors' decisions concerning return, risk, and market analysis".** It suggests a significant relationship between financial literacy and investment decision. **(H Kent Baker, Satish Kumar, Nisha Goyal, Etc. 2018) “How financial literacy and demographic variables relate to behavioural biases.”** This study discloses the existence of dissimilar behavioural partialities including overconfidence and self-attribution, the tempering effect, fixing unfairness, representativeness, mental accounting, emotional biases, and herding among Indian investors. Positive relation with mental accounting bias, but no important relation with overoptimism and emotional biases. Age, occupation and investment experience are the most important demographic variables that relate to the behavioural biases of individual investors in the sample.

Research Objective:

- To estimate the level of financial literacy among the different economic classes resident of nearby of the bardoli region.
- To find out and analyse the relationship of financial literacy with demographic and socio-economic variables of the resident of nearby the bardoli region.

- To analyse the impact of demographic variables on the financial literacy of the respondents.

Research Methodology:

This study is created on Descriptive Research Design. As the study is pre-planned and organized in design to collect the data statistically indirect on the population. In this project, the primary data are collected through the use of questionnaires as well as close handed questions seeking responses from people which helped identify their level of financial literacy according to different economic classes. The sample size taken for the survey purpose is 100 people from the Bardoli region. The study was conducted from December 2021- to January 2022 by filling out the survey form. Non-probability convenience sampling design is used in this project. Statistical tools such as Table, Percentage & Charts were used in analysing the primary data that was collected from the respondents from the study. The figures were scrutinised through SPSS software. The Test applied in data analysis were Frequency & percentage, One-Sample Test, Other non-parametric tests like Mann- Whitney U & Kruskal- Wallis H Test.

Hypothesis Development:

H₀₁: There is no impact of gender on the reason for investment.

H₀₂: There is no impact of age on the reason for investment.

H₀₃: There is no impact of Annual Income on the reason for investment.

H₀₄: There is no impact of age on Financial Literacy.

H₀₅: There is no impact of Annual Income on Financial Literacy.

H₀₆: There is a significant difference in the mean of Financial Literacy.

Findings of The Study:

Demographic Profile: (Frequency)

Gender (n=100)		
	Frequency	Per cent
Female	66	66.0
Male	34	34.0
Total	100	100%
Age (n=100)		
Below 20 Years	42	42.0
21-30 Years	45	45.0
31-40 Years	12	12.0

Above 41 Years	1	1.0
Total	100	100%
Qualification (n=100)		
Below 10 th	23	23.0
12 th	26	26.0
Graduate	44	44.0
Above Post Graduate	7	7.0
Total	100	100%
Occupation (n=100)		
Business	14	14.0
Services	3	3.0
Profession	1	1.0
Agriculture	8	8.0
Students	66	66.0
Others	8	8.0
Total	100	100%
Annual Income (n=100)		
Less than 2,00,000	20	20.0
2,00,001-4,00,000	47	47.0
4,00,001-6,00,000	21	21.0
Above 6,00,001	12	12.0
Total	100	100%
No. of Earning Members		
One	47	47.0
Two	46	46.0
Three & More	7	7.0
Total	100	100%
Marital Status (n=100)		
Married	21	21.0
Unmarried	79	79.0

Total	100	100%
Savings (n=100)		
Less than 10%	36	36.0
10-30%	54	54.0
More than 30%	10	10.0
Total	100	100%

The above table display that 66(66.0%) of the respondents in the sample population are females and the rest 34(34.0%) are males. So, it can be interpreted that the majority of the respondents were female. In the age group, the majority of respondent's age is between 21 to 30 Years 45(45.0%) out of 100 respondents, 12(12.0%) of respondent's age is 31-40 Years, 1(1.0%) is above 41 Years & 42(42.0%) respondent's age is below 20 Years. In Qualification 23(23.0%) of respondents were below 10th, 26(26.0%) of respondents qualified with 12th, 44(44.0%) of respondents were Graduate & 7(7.0%) of respondents were Above Post Graduate. So, it can be interpreted that the majority of the respondents were graduate respondents. In the Occupation 14(14.0%) of the respondents belonged to business Occupation, 3(3.0%) of the respondents belonged to services occupation, 1(1.0%) of the respondents belonged to profession occupation, 8(8.0%) of the respondents belonged to agriculture occupation, 66(66.0%) of the respondents were students, and others 8(8.0%) respondents. It was noted that most were students who do investment. In the Annual Income 20(20.0%) of the respondents in the sample population was earning less than 2,00,000 per annum, 47(47.0%) respondents was earning between 2,00,001 to 4,00,000, 21(21.0%) respondents was earning between 4,00,001 to 6,00,000, and rest 12(12.0%) respondents was earning above 6,00,001. So, it can be interpreted that the majority of the respondents were earning between 2,00,001- 4,00,000 which is 47%. In the No. of Earning Members 47(47.0%) of the respondents were having only one earning member in their family, 46(46.0%) of the respondents were having two earning members in their family, 7(7.0%) of the respondents were having three & more earning members in their family. In the Marital status 79(79.0%) of the respondents are unmarried were and 21(21.0%) of the respondents are married. And in Savings 36(36.0%) respondents were doing less than 10% savings, 54(54.0%) respondents were doing 10 to 30%, and the rest 10(10.0%) respondents were doing above 30%.

Responsible for Day-to-Day Decisions About Money in Your household		
	Frequency	Per cent
Yourself	6	6.0
Head of your Family Members	53	53.0
You & Your Family Members	39	39.0
Financial Institution/Financial Adviser	2	2.0
Total	100	100%

Most household decisions are taken by the head of their family members, which is 53(53.0%), 39(39.0%) household decisions are taken by themselves & their family members, 6(6.0%) household decisions are taken by themselves. And rest 2(2.0%) household decisions are taken by financial institutions/ financial advisers.

(Multiple Select Options)

The table above shows that the sources found to be most significant was family & friends where 91% of people considered their opinion before investing. Next was internet 50% & then 28% media (website/Instagram/blog/Twitter/business news channel) followed by financial adviser 29% respectively.

Rs.100 in Saving A/C & Interest Rate was 2% Per Year After 5 Years How Much Money Would Have Earned			
	Frequency	Per cent	
Less than 1 year	34	34.0	
1 year to 5 years	56	56.0	
More than 5 Years	10		
Total	100	100%	
Source-Websites/Instagram/Blog/Twitter/Business News Channel	28	14.1%	28.0
Source-Financial Adviser	29	14%	29.0
Total	198	100%	198%

The above table shows that 8(8.0%) respondents think that after 5 years they will be earned less than Rs.102 in their saving account, 21(21.0%) respondents think that after 5 years they will earn exactly Rs.102 in their savings account, & rest 71(71.0%) respondents think after 5 years they will earn more than Rs. 102 in their saving account.

Interest Rate on Your Saving A/C was 1% Per Year & Inflation Rate was 2% Per Year, After 1 Year would You be Able to Buy

	Frequency	Per cent
Less than Rs.102	8	8.0
Exactly Rs.102	21	21.0
More than Rs.102	71	71.0
Total	100	100%

The above table shows that 65(65.0%) respondents think that after 1 year they would be able to buy less than today due to high inflation rate (2%), 22(22.0%) respondents think that after 1 year they would be able to buy less than today due to high inflation rate (2%), & 13(13.0%) respondents think that after 1 year they would be able to buy less than today due to high inflation rate (2%).

Prachi Receives Rs.10000 Today & Karina Receives Rs.10000 3 Years From Now. Who is Richer?

	Frequency	Per cent
Karina	72	72.0
Prachi	28	28.0
Total	100	100%

The majority of 72(72.0%) respondents think that karina is richer because of the time value of money, & 28(28.0%) respondents think that Prachi is richer.

Mann-Whitney Test

Test Statistics					
	Family Protection	Retirement Planning	Child Education	Dream House/Car	Child Wedding
Mann-Whitney U	1046.500	1030.000	1019.500	1032.000	1005.000
Wilcoxon W	1641.500	1625.000	3230.500	3243.000	1600.000
Z	-.760	-.711	-.777	-.669	-.886
Asymp. Sig. (2-tailed)	.448	.477	.437	.503	.376
a. Grouping Variable: Gender					

The above table shows that there is no impact on gender on the reason for investment as the significance test value is greater than 0.05 (Null Hypothesis is Accept).

Kruskal-Wallis Test

Test Statistics ^{a,b}					
	Family Protection	Retirement Planning	Child Education	Dream House/Car	Child Wedding
Kruskal-Wallis H	1.631	2.578	2.689	3.896	2.209
Df	3	3	3	3	3
Asymp. Sig.	.652	.461	.442	.273	.530
a. Kruskal Wallis Test					
b. Grouping Variable: Age					

Here all significance Test value is greater than 0.05 (Null Hypothesis Accept). So that there is no impact of age on the reason for investment.

The

Test Statistics ^{a,b}					
	Family Protection	Retirement Planning	Child Education	Dream House/Car	Child Wedding
Kruskal-Wallis H	1.863	6.437	4.631	12.828	5.719
Df	3	3	3	3	3
Asymp. Sig.	.601	.092	.201	.005	.126
a. Kruskal Wallis Test					
b. Grouping Variable: Annual Income					

Table shows that there is an impact of Annual Income on Dream House/Car as significant Test value is less than 0.05. There is no impact of Annual Income on Family Protection, Retirement Planning, Child Education, & Child Wedding as the significant Test value is greater than 0.05.

Kruskal-Wallis Test:

Test Statistics ^{a,b}						
	Before I Buy Something I Carefully Consider Whether I Can Afford It	I Tend To Live for Today & Let Tomorrow Take Care of Itself	I Find It More Satisfying To Spend Money Than to Save It For The Long Term	I Pay My Bills On Time	I Am Prepared To Risk Some Of My Own Money When Saving or Making On Investment	I Set Long Term Financial Goals & Strive To Achieve Them
Kruskal-Wallis H	4.697	2.820	6.785	7.181	2.120	5.613

Df	3	3	3	3	3	3
Asymp. Sig.	.195	.420	.079	.066	.548	.132
a. Kruskal Wallis Test						
b. Grouping Variable: Age						

Here all statements are accepted because P-values are higher than the significance level of 0.05; you accept the null hypothesis & conclude that there is no impact of age on Financial Literacy.

Test Statistics ^{a,b}						
	Before I Buy Something I Carefully Consider Whether I Can Afford It	I Tend To Live for Today & Let Tomorrow Take Care of Itself	I Find It More Satisfying To Spend Money Than to Save It For The Long Term	I Pay My Bills On Time	I Am Prepared To Risk Some Of My Own Money When Saving or Making On Investment	I Set Long Term Financial Goals & Strive To Achieve Them
Kruskal-Wallis H	3.415	.995	.562	10.832	1.056	1.569
Df	3	3	3	3	3	3
Asymp. Sig.	.332	.802	.905	.013	.788	.666
a. Kruskal Wallis Test						
b. Grouping Variable: Annual Income						

There is an impact of annual income on I pay my bills on time because the P-value is less than 0.05 & null hypothesis is rejected. Here all agree statement (other than I pay my bills on time) P-values are higher than the significance level of 0.05.

One-Sample Test:

One-Sample Test						
	Test Value = 2					
					95% Confidence Interval of the Difference	
					Lower	Upper
I Make Investment Decision On My Own	8.075	99	.000	1.02000	.7694	1.2706
I Consult My Family Members Before Making Investment Decision	-4.134	99	.000	-.37000	-.5476	-.1924

I Prefer Investment Where There is no Loss of Capital	2.730	99	.008	.28000	.0765	.4835
I Review My Investment Decision Frequently	-3.611	99	.000	-.32000	-.4959	-.1441
Publicity Gives Information & Help Us To Take Good Investment Decisions	1.181	99	.240	.10000	-.0680	.2680
Investment Decision Do Not Have Impact On Lifestyle	2.289	99	.024	.28000	.0373	.5227
I Never Withdraw My Investment Before Maturity	-3.172	99	.002	-.27000	-.4389	-.1011
I Never Put All Money In a Single Investment Option	-5.284	99	.000	-.44000	-.6052	-.2748
Good Investment Opportunities Induces Behaviour Investment	-3.552	99	.001	-.31000	-.4832	-.1368

The Null Hypothesis is accepted. Because significance test values are larger than 0.05.

- Publicity gives information and helps us to take a good investment decision.

Null Hypothesis is Rejected. Because of significance test value are smaller than 0.05 publicity gives information and help us to make a good investment decision.

Findings:

- The demographic profile of respondents shows that the majority of investors are females, females bear the financial responsibility in Indian society & nowadays females are more interested in investing than males.
- The majority of investors' age is between 21 to 30 years i.e. 45% of investors are from 21 to 30 years out of 100 respondents.
- Most of the investors were found to be well educated whereas more than 80% of investors can be said of possessing higher education.
- The majority of respondents are students (66%), (14%) of respondents are a businessman.
- Most of the investors belong to the middle class & upper class.

- The majority of respondents (47%) were having one earning member in their household, (46%) were having two earning members in their household, & (7%) were having three & more earning members in their household.
- The majority of respondents were found unmarried (79%) & (21%) were married.
- Most of the investors (54%) were doing 10 to 30% savings, (36%) were doing less than 10% savings, & (10%) were doing more than 30% savings.
- Most household decisions are taken by the head of their family members (53%), (39%) household decisions are taken by themselves & their family members.
- There are many sources of awareness & they are influencing at the same time. (91%) found to be most significant was family & friends, (50%) found was the internet.
- (71%) investors think after 5 years they will be earned more than Rs.102 in their saving account
- (65%) investors think right that they will buy less as compared to today due to the rise in the inflation rate in the country.
- Nearly (72.0%) of investors think that karina is richer because of the time value of money because she receives 3 years from now and at that time the value of Rs.10000 was high.
- There is no impact of gender on the reason for investment.
- There is no impact of age on the reason for investment.
- There is no impact of Annual Income on family protection, retirement planning, child education & child wedding.
- There is an impact of Annual Income on dream house/car.
- There is no impact of age on Financial Literacy.
- There is no impact of annual income on Before I buy something I carefully consider whether I can afford it, I tend to live for today and let tomorrow take care of itself, I find it more satisfying to spend money than to save it for the long term, I am prepared to risk some of my own money when saving or making on investment, I set a long term financial goals and strive to achieve them.
- There is an impact on annual income & I pay my bills on time.
- The below statement whose **Null Hypothesis is accepted**.
- Publicity gives information and helps us to take a good investment decision.
- **Null Hypothesis is Rejected**. Because of significance test value are smaller than 0.05 publicity gives information and help us to make a good investment decision.

Conclusion:

This research study investigated the financial literacy among investors in different economic classes. Overall findings show that the level of financial literacy of investors is good after analysing the questionnaire data. From the investor's point of view changes in demographic factors such as age, income, education, & occupation influence the investment avenue preference.

There is no impact of gender on the reason for investment. There is no impact of age on the reason for investment. There is no impact of Qualification on family protection, & retirement planning. There is no impact of No. of Earning Members on the reason for investment. There is no impact of Annual Income on family protection, retirement planning, child education & child wedding. There is an impact of Annual Income on dream house/car. There is no impact of marital status on family protection, retirement planning, child education & child wedding. There is an impact of marital status on dream house/car. There is no impact of Savings on the reason for investment. There is an impact of Savings on the reason for investment.

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