

## Study on Financial Literacy level among University students in India with reference to selected Universities

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**Abstract:** *In terms of technology as well as the efficiency of the financial market, India can be considered one of the top players across the globe. This is a developing country and a number of regulations and systems enacted by the government helped them in the development and growth of the financial market. Floating rate bonds, zero interest bonds, deep discount bonds, and revolving underwriting finance facilities are some modern financial market instruments, which are barely seen being used in the common Indian households. It has been seen that the majority of people within this country believe in becoming financially stable by saving. Lack of financial literacy and lack of knowledge of the financial market can be considered as one of the most significant reasons behind this. Hence, improvement of the knowledge of common people about the financial market can be considered as one of the most effective ways that can help this country as well as countrymen to move towards investment, rather than savings. This can help the common people of India in ensuring their lifetime financial well-being. This can be done successfully at a time when people are made financially educated from an early age. "Catch them young" has been started in India in order to educate university students about the financial sector. In the case of Guru Nanak Dev University, Amritsar, Punjab, it has been seen that among the students the financial literacy level is very good. The introduction of various courses related to economics and finance can help the University students of India to become financially educated in an effective way. In this analysis secondary data is going to be collected that are relevant to the topic, and then they are going to be analysed with the help of a qualitative data analysis method.*

**Key Words:** Finance, Financial Literacy, West Bengal; WB University, Indian University.

### 1. INTRODUCTION:

Financial education, which refers to the area of economic education, highly focuses on teaching an individual to manage their money in the best possible way. A country's growth of "personal and collective financial culture" is fundamental for implementing the efficient financial policies for improving the quality life of every individual in the country. Financial literacy thus, highly focuses on the ability of managing personal financial effectiveness which is the most vital in terms of making an appropriate personal financial choice, which includes "savings, insurance, real estate, college payments, budgeting, retirement and tax planning". There are five main principles of financial education, "earn, save and invest, protect, append, and to borrow".

### 2. LITERATURE REVIEW:

The term financial education is important as it helps in ensuring the customers are saving enough which may help them to have adequate income in their retirement, by avoiding the high level debts that may lead to bankruptcy and foreclosures. Thus, it can be said that financially educating every individual from a very young age may help them to experience less debt, which would further help them to manage the household finance in a more skillful way. This can be achieved if the people are financially educated from a very young age. Thus, educating the students of colleges and universities in this matter to know more about their financial sector may result in a very good financial literacy level among the people of any country. Here in this paper, the financial education among the students of other universities in West Bengal, India and its impact on the society and financial sector of the country have been considered, which is further elaborated in the later parts of this paper.

### 3. OBJECTIVES:

The main objectives of this research are:

- To identify the concept of financial literacy
- To evaluate the level of financial literacy among the university students of India
- To analyze the factors that can be improved with the increase of financial literacy with special reference to the university students of west Bengal
- To recommend strategies that can be used by government of India in order to increase the financial literacy level of the University students of India

#### **4. METHOD:**

##### **Research Approach**

A *deductive research approach* has been undertaken for this study which is basically for analyzing the non numerical information that has been collected with the help of secondary data collection method for the content of this research. This type of research is typically associated with scientific investigations, where researchers read and analyze the existing theories for a particular study (Roy & Uekusa, 2020). In this method the information collected is usually in the form of an audio or video which helps the researcher to easily analyze the collected information which is often based on qualitative research approach. This is the most suitable form of research approach as it helps in explaining even the casual relationship between the concept and the variables.

##### **Research Design**

In terms of research Design, *descriptive design* has been used for this paper for structuring the provision of information for this research. This research design aims in obtaining the information for systematically describing the phenomenon, situation or the population. In addition to that, descriptive research design helps in answering the “what, when, where, and how questions” in regard to the problem of the research. It further uses a wide variety of research methods for investigating one or more variables (Dannels, 2018). Thus, with the help of this well-structured design, it is easy for the researcher to investigate the content of the research and analysing the theories and collected information.

##### **Research Philosophy**

The study of this research and its analysis has been done with the help of *Positivism research philosophy*. This philosophy is associated with the fact that the content of this research is based on observation and its analysis contains an in-depth knowledge and interpretation of the collected data and information that has been done by the researcher. Thus it can be said that this philosophy adheres to the ideology that only the factual knowledge that has been obtained through observation is trustworthy. This philosophy further claims that it is easier to understand the social world in an objective way (Hürlimann, 2019). Scientist, in terms of this philosophy, is an objective analyst who disassociates themselves from their personal values and works independently.

##### **Data Collection Method**

In case of data collection for this paper, a secondary data collection method has been used, where an in depth study has been done based on the content of this research. There are several relevant journals, websites, public releases, government reports, and other similar sources from where the data and information has been collected for this study. The method of secondary data collection thus helps the researcher in collecting the required information without any limit, and without consuming much time (Jena & Kar, 2019). Thus, in terms of this paper, authentic data collection, and identification of information has been done, which was much easier and simpler compared to that of the primary data collection method. Here, only the official websites and journals have been considered for collecting more precise data based on the content of this research.

##### **Data Analysis Method**

In terms of this research paper, qualitative data analysis has been followed for analysing the collected data and information and completing the study of this paper. Here, a large number of the collected data has been analyzed with the help of this method. Moreover, while using this process of data analysing textual data has been developed in an objective way. In addition to that, this method helps the researcher in analysing the numerical data with the help of proper measurement that is very essential in terms of conducting any research with authentic information. Thus, at the end of this research, all the gathered textual data has been analysed and interpreted with the help of this method (Mihas, 2019). The overall interpretation of this paper has been based on the objective way which is very much able to predict the ultimate outcome.

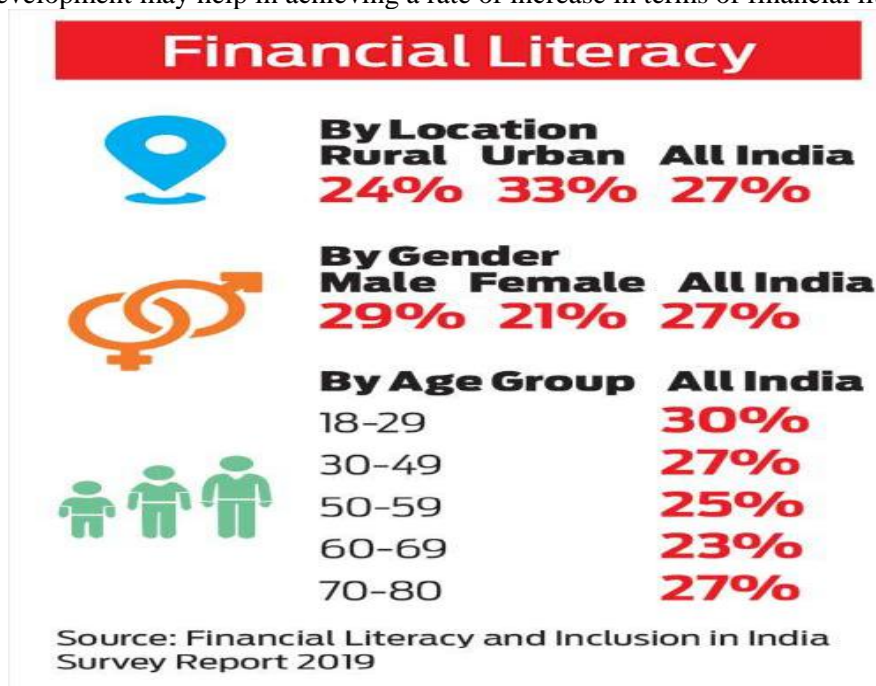
##### **Ethical Consideration**

In terms of this research paper, all the ethical consideration has been maintained while conducting the research. All the ethical considerations that are related to the research working have also been maintained and followed (Eyo&Hasan, 2021). In addition to that, all the provided guidelines of the universities in regard to this paper have also been adhered to, while working on this paper. The rules and regulations that are laid down by the government for collecting the relevant data for the content of this research have also been obeyed while conducting this research and data collection process. The same is applicable in terms of preserving the collected data and information. Furthermore,

the collected data has been well maintained and the dignity and respect of the authors and writers of the articles and journals used for collecting information have also been protected by maintaining Excellency and better standards. Moreover, proper privacy and data protection measures have been ensured for maintaining the “privacy, safety and security” with the help of multiple passwords.

## 5. DISCUSSION:

Financial literacy, which is one of the biggest assets of any country, including the developing countries such as India, is directly proportional to the country’s economic growth. It can be said that in India financial literacy is very much related with the development of rural areas. Thus, reaching out to the rural areas of the country and working on the sections for the development may help in achieving a rate of increase in terms of financial literacy (Arya, 2018).



It has been found that in India, as per a survey report of 2019, the level of financial literacy in rural areas is 24 percent, whereas in urban, it is 33 percent. The financial literacy rate of whole India on an average has been estimated to be 27 percent (Outlookmoney.com 2022). From this it can be observed that, the people of India are not much aware of their financial sector for which the country is still lagging behind in the field of financial growth and development. In addition to that, it has also been observed that the rate of financial literacy is more in the case of males, 29 percent in comparison to that of females which has been estimated to be only 21 percent.

Here it is evident that the literacy rate of the females of the country is less than that of the males, which also leads to low female literacy rate in the country. This may further result in a low rate of women empowerment and would ultimately result in backwardness of the nation. In addition to these, it has been evident from this report per the data collected with the help of this survey that people of different age groups hold different levels of financial education which in true sense should be equal in terms of the people of all ages (Bhutoria & Vignoles, 2018). Here, it has been observed that on an overall basis, only 20 to 30 percent of the people of different age groups have knowledge in this matter, which is not enough for any country to experience the actual financial development. 30 percent of the people in the 18 to 29 age group in the country have knowledge in terms of the financial sector of the country, which may be because of the education provided in the colleges and universities. Here, more enhancements are required in terms of providing knowledge on the subject to almost every individual of the country. This can be done if proper financial education is provided to the college and universities' students, by introducing relevant subjects and educational categories in their syllabus (Kaiser *et al.*, 2022).

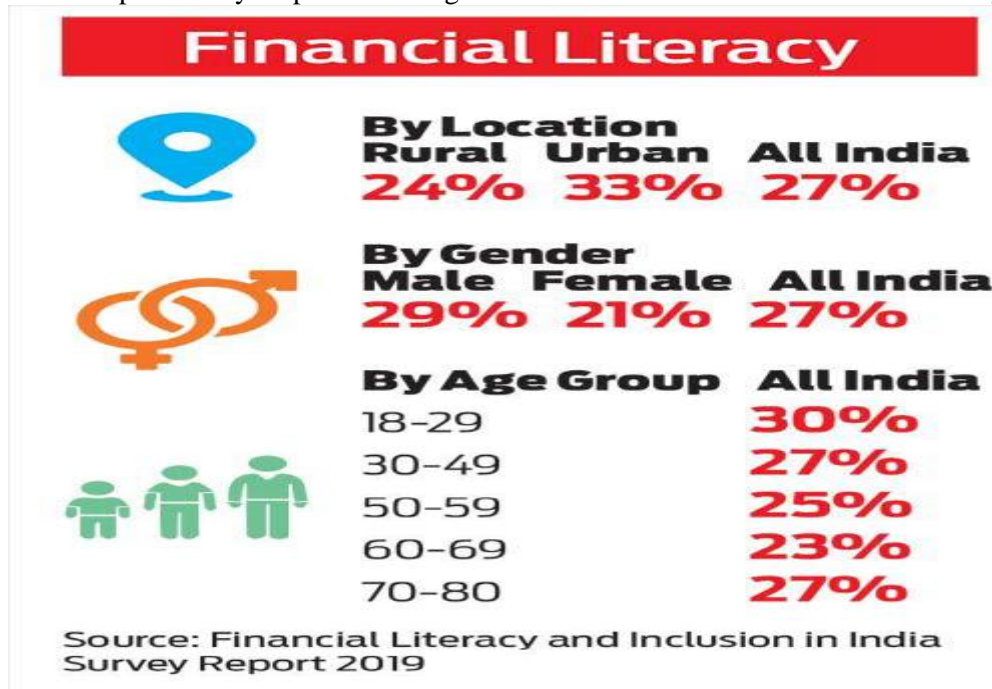
## 6. ANALYSIS:

In terms of this research paper, qualitative data analysis has been followed for analyzing the collected data and information and completing the study of this paper. Here, a large number of the collected data has been analyzed with the help of this method. Moreover, while using this process of data analyzing textual data has been developed in an objective way. In addition to that, this method helps the researcher in analyzing the numerical data with the help of proper measurement that is very essential in terms of conducting any research with authentic information. Thus, at the end of this research, all the gathered textual data has been analyzed and interpreted with the help of this method (Mihas,

2019). The overall interpretation of this paper has been based on the objective way which is very much able to predict the ultimate outcome.

## 7. FINDINGS:

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## 8. RESULT AND RECOMMANDATIONS:

In case of data collection for this paper, a secondary data collection method has been used, where an in depth study has been done based on the content of this research. There are several relevant journals, websites, public releases, government reports, and other similar sources from where the data and information has been collected for this study. The method of secondary data collection thus helps the researcher in collecting the required information without any limit, and without consuming much time (Jena & Kar, 2019). Thus, in terms of this paper, authentic data collection, and identification of information has been done, which was much easier and simpler compared to that of the primary data collection method. Here, only the official websites and journals have been considered for collecting more precise data based on the content of this research.



From this above figure it can be analyzed that there is a huge gap between general literacy rate and financial literacy rate in terms of every state of the country. Here, the State having the highest literacy rate, that is Kerala, holds only 36 percent of financial literacy. The State with the highest rate of financial literacy is Gujarat, which has 83 percent of its people financially literate. In the case of West Bengal, about 67 percent of the population falls under the rate of general literacy whereas only 21 percent of the population has been observed to be financially literate (Googleusercontent.com 2022). This means that the state requires more development and enhancement in terms of the rate of financial literacy. The State can achieve this by introducing subjects related to finance, accounts and economy in the colleges and universities, which would help the younger ones to acquire more knowledge on the matter and to contribute in the financial and economic development of the State and the country. This may further lead to enhancement in terms of the country's per capita income and GDP (Abad-Segura & González-Zamar, 2019).

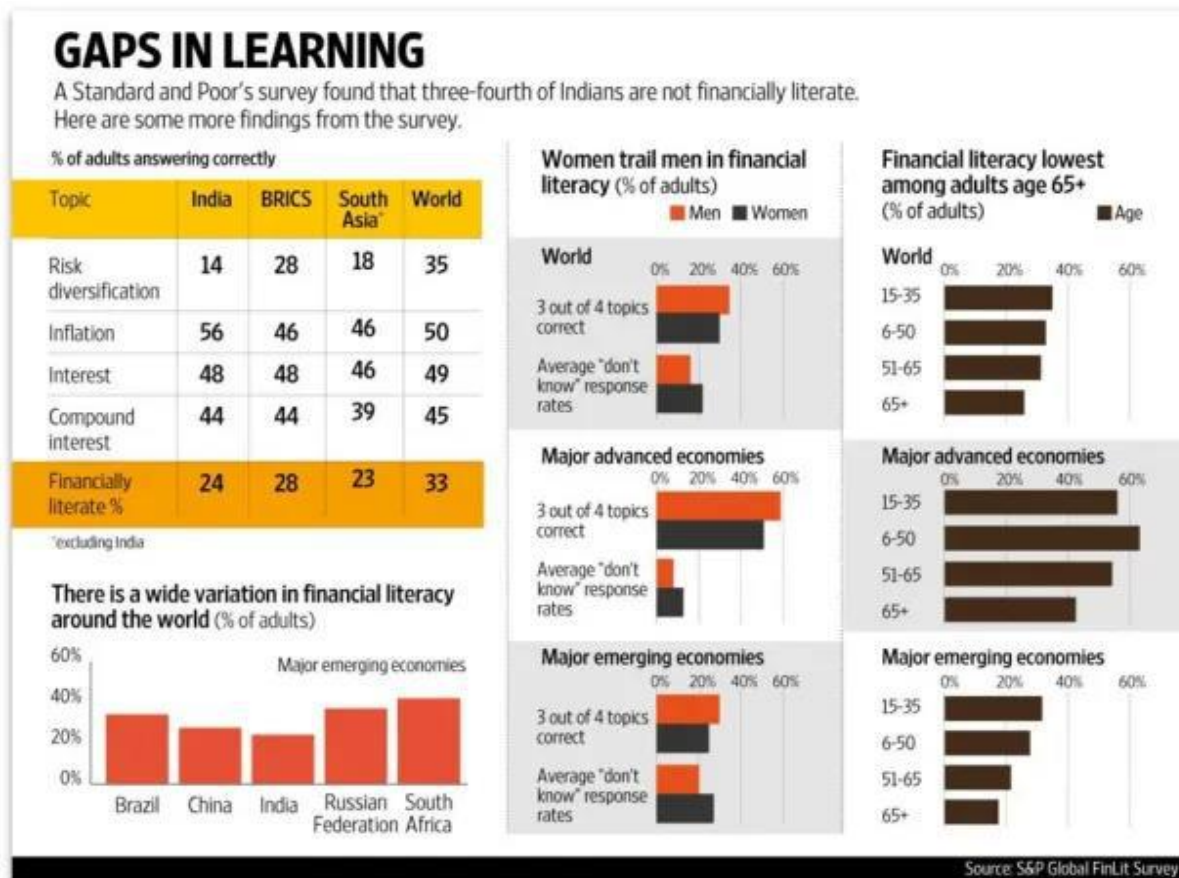
<b>District</b>	<b>No. of respondents</b>	<b>Mean Financial Literacy (On a scale of 1–21)</b>	<b>t statistic (mean difference significance test with the highest score)</b>
Kolkata	59	18.25	-
Dakshin	22	14.94	5.620*
Dinajpur			
North 24 Parganas	130	14.84	8.267*
Barddhaman	101	14.82	10.801*
Paschim Medinipur	77	14.41	11.043*
South 24 Parganas	106	13.59	10.623*
Purba Medinipur	66	12.95	13.161*
Uttar Dinajpur	39	12.09	15.000*
<b>Total</b>	<b>600</b>	<b>14.51</b>	

**Figure 3: “District-wise mean financial literacy score and mean difference test”**

The above represented table shows the different districts of West Bengal, with their different financial literacy rate which has been measured on the scale of 1 to 21 (Researchgate.net 2022). This data has been acquired with the help of a household survey, where the responses of the participants have been considered for doing the statistical calculation. According to this survey Kolkata has the highest rate of financial literacy whereas Uttar Dinajpur has the lowest rate of financial literacy. Kolkata, having the highest financial literacy rate has a well established education sector, where the higher education department tends to teach their students about financial education and the importance of it. The higher education institutions in Kolkata, such as “IMI Kolkata, IISWBM, Kolkata, CBS Kolkata, Kolkata, IEM Kolkata, Kolkata, Bharatiya Vidya Bhavan Institute of Management Science - [BIMS], Kolkata, IMS Kolkata, Kolkata, Techno India University, Kolkata” all plays a major role in providing their students with the best possible financial education. There are several financial streams and relevant subjects provided to the students of these colleges and universities to gain an in-depth knowledge of the term and to contribute to the nation’s financial development (Hossain, Maji, & Kumar, 2021). The courses provided in these higher educational institutions, promoting financial education are “B.Com. in Accountancy and Finance, BBA in Finance, CA, CS, Certificate in Banking and Finance, Accountant, Business Consultant, Market Research Analyst, Portfolio Manager”, and many more. The institutions providing its students with financial education, enhance their ability to make better financial decisions, achieve a greater financial goal, ensures

less financial stress and anxiety, and make them more efficient in terms of managing their money and debts (Siddiqui & Siddiqui, 2019).

**9. RECOMMENDATIONS:**



**Figure 4: Gaps in case of Financial learning in India**

There are several gaps in terms of financial learning in India, which leads to low financial growth and development of the country. These gaps are the only cause and reason why the country is still not declared as a developed nation (Banerjee & Roy, 2020). The key takeaways or the reasons which lead to the exaggeration often gaps are that, less than one third of the nation's population is financially literate and educating women about the financial principles are still very less preferable in the country. These gaps can be easily covered with the help of the following measures:

- Subscribing to financial newsletters
- Listening to financial podcasts
- Reading professional financial books
- Using social media
- Starting to keep a budget estimation
- Talking to financial professionals

**Figures/ Tables/Charts:**

<b>Name of the State</b>	<b>General Literacy (in Percentage)</b>	<b>Financial Literacy (in Percentage)</b>
Andhra Pradesh	60	23
Arunachal Pradesh	55	10
Assam	61	20
Bihar	50	8
Chhattisgarh	60	4
Goa	80	50
Gujarat	68	83
Harayana	65	21
Himachal Pradesh	73	16
Jharkhand	56	15
Karnataka	67	25
Kerala	84	36
Madhya Pradesh	59	23
Maharashtra	73	17
Manipur	69	36
Meghalaya	60	24
Mizoram	77	6
Nagaland	68	8
Odisha	64	9
Punjab	67	13
Rajasthan	56	20
Sikkim	73	8
Tamil Nadu	72	22
Tripura	67	21
Uttar Pradesh	57	10
Uttarakhand	68	23
West Bengal	67	21

**Table.1. State wise financial literacy level in India**

## 10. CONCLUSION :

From the above analysis it can be concluded that financial literacy focuses on enhancing the ability of managing personal financial effectiveness which is the most vital in terms of making an appropriate personal financial choice, which includes “savings, insurance, real estate, college payments, budgeting, retirement and tax planning”. India's financial literacy rate on an average has been estimated to be 27 percent as per survey conducted in the year 2019. 21 percent of the population of West Bengal falls under financial literates who are only due to the higher educational institutions promoting studies and subjects related to finance in their syllabus. The awareness among these institutions is the main reason for the up gradation of financial education in the nation. These universities teaching their students about finance and the importance of financial education plays a major role in increasing the rate of financial growth and development in the nation. This is because, improvement of knowledge in terms of the common people about financial marketing and relevant matters is considered to be the most significant reason behind the growth of the nation's economic and financial condition. A developing country like India can also ensure this by enhancing their financial education among its citizens in order to ensure a lifetime financial well-being.



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