A STUDY ON "FINANCIAL LITERACY IN COMMUNITY SUB GROUP – A CASE STUDY OF RETIRED GOVERNMENT SERVANTS IN THAZHAKKARA PANCHAYATH"

PROJECT REPORT
SUBMITTED TO:

The University of Kerala in partial fulfilment of the requirements for the award of the degree of Bachelor of Kerala.

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BISHOP MOORE COLLEGE

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CERTIFICATE

This is to certify that the project report entitled A Study on “financial literacy in community sub groups – Retired government employees in politics in Thazhakkara Panchayath” is a bonafide record of the project done by

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DECLARATION

We, **NAJMA MUHAMED SHEFIK, JEENA JEESON, AISWARYA ROY, ABDUL MUHASIN .H.K, PRANAV. P**, sixth semester B.Com students of BISHOP MOORE COLLEGE, Mavelikara, (University of Kerala) do here by declare that this project work, a study on “financial literacy in community sub groups - A CASE STUDY OF RETIRED GOVERNMENT SERVANTS IN THAZHAKKARA PANCHAYATH”under the guidance of **Mr. Rahul Jacob Kuruvila**, is the result of original work done during the project time. The matter included in this report is not a reproduction of any other source. We are declaring that this project report has not been submitted elsewhere for any other degree.

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INTRODUCTION

1.1 INTRODUCTION

Financial literacy is the ability to understand and effectively use various financial skills, including personal financial management, budgeting, and investing. Financial literacy is the foundation of your relationship with money, and it is a lifelong journey of learning. The earlier you start, the better off you will be because education is the key to success when it comes to money. Developing financial literacy skills is essential. It helps in improving personal finance management. Personal finance is a process which involves learning, practicing and applying a variety of financial skills. It ranges from budgeting, managing, and paying off debt, understanding credit and various investment products.

In recent decades financial products and services have become increasingly widespread throughout society. Whereas earlier generations of Americans may have purchased goods primarily in cash, various credit products are popular today, such as credit and debit cards and electronic transfers. Indeed, a 2019 survey from the Federal Reserve Bank of San Francisco showed that consumers preferred cash payments in only 22% of transactions, favoring debit cards for 42% and credit cards for 29%.Other products, such as mortgages, student loans, health insurance, and self-directed investment accounts, have also grown in importance. This has made it even more imperative for individuals to understand how to use them responsibly.

Although there are many skills that might fall under the umbrella of financial literacy, popular examples include household budgeting, learning how to manage and pay off debts, and evaluating the tradeoffs between different credit and investment products. These skills often require at least a working knowledge of key financial concepts, such as compound interest and the time value of money. Being financially illiterate can lead to a number of pitfalls, such as being more likely to accumulate unsustainable debt burdens, either through poor spending decisions or a lack of long-term preparation. This, in turn, can lead to poor credit, bankruptcy, housing foreclosure, and other negative consequences.

1.2 STATEMENT OF THE PROBLEM

The lack of financial literacy can lead to a number of pitfalls, such as accumulating unsustainable debt burdens, either through poor spending decisions or a lack of long-term preparation. This, in turn, can lead to poor credit, bankruptcy, housing foreclosure, or other negative consequences. It is observed that in the educated class including those with commercial and financial education do not have adequate knowledge to take wise financial decision or not utilize their knowledge to interpret the correct data to utilize the market for financial gains. The problem considered in the study is the lack of financial awareness/ competence/ confidence/ attitude consequently ever increasing social and economic problems in the society especially the Insurance agents and Bank employees. We hope that this case study may prove that the need for Financial education in the society, so that the future society can fulfil their financial goals.

1.3 SIGNIFICANCE OF THE STUDY

1. The study of financial literacy helps in understanding financial concepts better and enables one to manage their finances efficiently.

2. Financial literacy empowers us to make smart financial decisions. It provides knowledge and skills we need to manage money effectively - budgeting, saving, borrowing and investing

3. Increase in ethical decision - making when selecting insurance, loans, investments and using a credit card.

4. Financial literacy helps person to achieve a financially balanced, responsible and ethical lifestyle and make appropriate financial choices during their life time.

1.4 OBJECTIVES

- Problems faced by people due to lack of financial literacy
- To identify the problems faced by people in their personal life
- Measures taken to increase financial literacy
- Role of organizations in improving literacy

1.5 SCOPE OF THE STUDY

The scope of financial literacy is vast. It encompasses budgetary education (personal or family budget) and learning about banking tools (everyday banking, savings, insurance), as well as understanding economic concepts (how the economy operates and is financed) and public policies.

1.6 METHODOLOGY OF THE STUDY

The study is descriptive in nature. It is based on primary data. Study was conducted in Alappuzha district in Thazhakara Panchayat.

The primary data was collected by using a structured question, it is basically an interdisciplinary topic of research, as knowledge from various discipline converges.

The study is based on secondary data. A sample survey was carried out as part of the study.

Information was collected by using questionnaire sent through google forms. It decided to choose a sample of few households for the purpose of the survey.

The secondary data are collected from the websites, internet etc. as part of the methodology, simple stratified tools have been used. It includes %ages, tables, diagrams etc. They have been used to express the relationship between variables.

PRIMARY AND SECONDARY DATA

A) Primary Data

The primary data is that type of data which is collected as the first hand source. It will help to collect the data which will specifically suit the investigators research. In this research, a structural questionnaire was prepared and was distributed among employees for the data different types of questionnaire for the data collection. The set of questionnaire includes demographic questionnaire which includes age, gender, civil status etc. Another set of questionnaire deals with the hygiene, motivational and other factors of employee job satisfaction

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b) Secondary Data

Secondary data refers to the data collected by someone other than the researcher. The secondary data for the study was collected through;

2. SAMPLING DESIGN

The convenience sampling method is used to collect primary data. In this project the respondents to be surveyed are retired government servants

3. PERIOD OF THE STUDY

The survey for collecting primary data was conducted during March 2022.

4. TOOLS OF ANALYSIS

For the purpose of collection of primary data, questionnaire is used. The data collected were classified and analyzed considering the objectives of the study.

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1.7 LIMITATIONS OF THE STUDY

Only a brief outline and description into the various aspects of the study was possible.

As in any other primary survey there will be hesitation from the respondents to answer the questions related to their income, savings.

1.8 CHAPTERISATION

The dissertation is segregated into 5 chapters

Chapter 1: Introduction

The chapter gives an introduction to the topic under study, 'A study on Financial Literacy'. It highlights the statement of the problem, the scope and significance of the study, the objectives for conducting the research on this topic and the methodology used for the same and the limitations of the study.

Chapter 2: Review of Literature

The chapter gives an idea about the existing literature on the topic. Sources covered in the review include scholarly journal articles, books, website, etc. It provides a description, summary and evaluation of each source.

Chapter 3: Theoretical Framework

The chapter gives a detailed description about the given topic. It is a collection of interrelated concepts.

Chapter 4: Analysis and Interpretation

The chapter gives the analysis and interpretation of the details collected using questionnaires. It assigns a meaning to the information analyzed and determines it significance and implications. It is represented by using %age, table and diagram, etc.

Chapter 5: Findings, Suggestions and Conclusion

The chapter gives the findings of the study, ‘Financial Literacy’ with special reference to Alappuzha district. Suggestions have also been provided based on the interactions with the vendors. It also gives a general conclusion on the basis of the analysis conducted.

CHAPTERISATION

Chapter 1- Introduction

Chapter 2- Review of Literature

Chapter 3- Theoretical Framework

Chapter 4- Analysis and Interpretation

Chapter 5- Findings, Suggestions and Conclusion

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CHAPTER 2
REVIEW OF LITERATURE

1.2 REVIEW OF LITERATURE

Kamal Gupta et al. (2014) - assessed the level of financial literacy amongst 87 micro Entrepreneurs of Kangra district of Himalaya Pradesh based on record keeping, various institutional awareness, Savings, investment plans, savings management and various loan products. It is found that most of respondents are responsive of bank loans, less awareness about other financial institutions. Overall possess low financial skills which reflected in deficient record keeping, poor cash management, improper savings habits, less awareness on financial products. Research suggested that to create more awareness and financial alternatives for well-being of micro Entrepreneurs.

Lavanya Rekha Bahadur (2015), analyzed two pillar of the economy: financial literacy and financial inclusion and its current scenario as well as common people perspective about financial instruments. Data collected from 202 Mumbai and thane district individuals. It is found that level of financial literacy is very low and suggested to encourage financial literacy from school level, national level programs and seep effort to the grass root level.

K N Narendra (2014), discussed the role of Financial Planner in the era of overloaded information. Study suggested that the persistent and prolonged efforts by all stake holders to educate and bring down revolution in India.

Sumit Agarwal et al. (2010), examined investment behavior, liability choice, risk tolerance and insurance usage of 1,694 Hyderabad respondents who are interested in personal finance. Data for analysis provided by Investment Yogi Financial Advisory Services. Majority of respondents are financially literate they answered the numeracy, inflation and diversification questions correctly. Study found that majority of males with higher education level and aggressive investors are more literate than females and less educated.

V Mathavathani et al. (2014), focused on financial literacy of rural women in Tamilnadu based on 3 factors: knowledge, behavior and attitude. It is found that very low financial literacy among rural women.

Puneet Bhushan et al. (2013), conducted survey of 516 salaried individuals of Himachal Pradesh using multistage sampling to check the financial literacy level. It is found that overall literacy level is low and financial literacy level of male is more than females. Level of education, income, nature of employment and place of work influence on financial literacy whereas geographical region does not influence on financial literacy.

Harsha V Jariwala (2014) assessed the financial literacy level of individual investors in Gujarat state, India and its effect on investment decision by considering 44 variables. The research found that 39.2% of 285 respondents are higher level of financial literacy and found that financial literacy does have statistically significant effect on investment decision.

Priyanka Agarwal, et al. (2015), emphasis on financial literacy importance for managing finances and investment pattern of both teaching and non-teaching female staff (20 teaching and 20 non-teaching female staff) in education sector of Jhansi District. It is found that most of working women are aware of Investment Avenue and invest their savings in bank and post office fixed deposit. Visa Financial Literacy Survey (2014), depicts Indians are least financially literate people across the globe with youngsters and women struggling most with their financial knowledge. Only 25% of total population in India are financially literate and ranked 23rd among 28 countries.

Ratna Achuta Paluri (2016), analyzed factors influencing financial attitudes of Indian women to classify Indian women based on attitude with 9 variables: anxiety, interest in financial issues, intuitive decisions, precautionary savings, free spending, materialistic and fatalistic attitude, propensity to plan for long and short term financial goals. Study used confirmatory factor analysis to cluster the women of Nashik city. Based on cluster analysis classified customer into judicious consumers, conservative consumers, acquisitive consumers and unsure consumers.

CHAPTER 3

THEORETICAL STUDY

3.1 DEFINITION:

According to Dr Subbarao, Former Reserve Bank Governor of India, “In the Reserve Bank, we treat financial inclusion and financial literacy as twin pillars. Financial literacy stimulates the demand side – making people aware of what they can and should demand. Financial inclusion acts from the supply side – providing in the financial market what people demand”.

Financial literacy is the ability to understand and effectively use various financial skills, including personal financial management, budgeting, and investing. Financial literacy is the foundation of your relationship with money, and it is a lifelong journey of learning. Meaning: Financial Literacy refers to the knowledge and understanding of various financial products that help the investor with their money management, personal finances, investment, and tax planning.

According to Organization for economic cooperation and development (OECD) "financial literacy has a combination awareness, knowledge, skill, attitude and behavior necessary to make sound financial decisions and ultimately achieve individual wellbeing".

“Personal finance describes the principles and methods that individuals use to acquire and manage income and assets. Financial literacy is the ability to use knowledge and skills to manage one’s financial resources effectively for lifetime financial security. Financial literacy is not an absolute state; it is a continuum of abilities that is subject to variables such as age, family, culture, and residence. Financial literacy refers to an evolving state of competency that enables each individual to respond effectively to ever-changing personal and economic circumstances. The combination of knowledge, skills, attitudes and ultimately behaviors that translate into sound financial decisions and appropriate use of financial services.” – The Center for Financial Inclusion

3.2 IMPORTANCE OF FINANCIAL LITERACY:

It helps in improving the financial knowledge of individuals. It brings clarity on basic financial concepts and principles such as compound interest, debt management, financial planning etc. It enables you to manage your personal finances efficiently. It helps in making appropriate financial decisions about investing, saving, insurance, managing debts, buying a house, child education, retirement planning etc. It helps individuals to achieve financial stability and financial freedom. It helps in understanding the difference between assets and liabilities. It helps in developing the skill sets required for better financial planning and managing your money. It provides in-depth knowledge on financial education and strategies which are indispensable for achieving financial growth and success. It helps you in generating, managing, saving, spending and investing money. It enables you to be debt free by inculcating financial knowledge and debt strategies.

Hence, we need to put our conscious effort in improving our financial knowledge and should also impart financial education to our children as they are the future. The government should also take initiatives to make financial education compulsory in schools and colleges. The government should run campaigns to educate people about the importance of financial literacy in everyone's life. Government bodies, banks, insurance companies and financial institutions should take necessary measures to educate people about various financial concepts and investment opportunities so that people can live a financially stable life. Financial stability and financial inclusion are two key aspects of a growing economy. In India, there is an enormous opportunity to provide financial literacy to all sections of society. The first priority is to reach out to the uneducated, poor and economically backward people with limited access to the financial world, who constitutes the major chunk of the society. They should be given free financial education about basic financial concepts. They should be trained on how to generate money, the best ways to save money and where to invest their money to get maximum returns.

Also, the educated, working middle class should be given proper knowledge about the various financial products available in the market so that they can invest their hard earned money in the best possible ways. Even the rich and famous should be made aware of the various opportunities of investments, how to use their wealth to make maximum benefit for their personal development and for the development of the society as a whole. Hence, financial literacy, financial inclusion and financial stability are the top three aspects of a growing and efficient economy. These are undoubtedly the most important factors for India to emerge as an economically developed country in the next few years.

Financial literacy is important for you because it will equip you with the knowledge and skill to manage your money effectively. The absence of the same will lack a strong foundation in terms of your actions and decisions concerning savings and investments. However, financial literacy will help you in understanding financial concepts in a better way and enable you to manage your finances efficiently. It will also help you in effective money management, financial decisions and achieving financial stability.

At the same time, financial literacy will provide in-depth knowledge of financial education and various strategies that are crucial for financial growth and success. This will enable you to be debt-free by adopting the best debt strategies.

3.3 DISADVANTAGES

1) Anchored bias:

A well financially literate individual may be anchored in his beliefs revolving around personal finance. For example, a person who believes in passive investing (such as tracking index funds to be in line with the market) may be of the opinion that his strategy is supreme and may not be open to new ideas on active management where one tries to beat the market by generating alpha(excess returns). Similarly, a ‘buy and hold’ investor may not be open to the idea of profit opportunities through a sale in the short run.

2) Pre judgemental:

There tends to be a certain notion, beliefs, and policies that are well grained in an individual because of which he may be at times pre-judgemental about it without being open to new ideas. The cocoon shell may prevent him from being non-judgemental and accepting new ideas and opportunities

3.4 STRATEGIES TO IMPROVE YOUR FINANCIAL LITERACY SKILLS

Developing financial literacy to improve your personal finances involves learning and practicing a variety of skills related to budgeting, managing and paying off debts, and understanding credit and investment products. Here are several practical strategies to consider

1) Create a Budget:

Track how much money you receive each month against how much you spend in an Excel sheet, on paper, or with a budgeting app. Your budget should include income (paychecks, investments, alimony), fixed expenses (rent/mortgage payments, utilities, loan payments), discretionary spending (nonessentials such as eating out, shopping, and travel), and savings.

2) Pay Yourself First:

To build savings, this reverse budgeting strategy involves choosing a savings goal (say, a down payment for a home), deciding how much you want to contribute toward it each month, and setting that amount aside before you divvy up the rest of your expenses.

3) Pay Bills Promptly:

Stay on top of monthly bills, making sure that payments consistently arrive on time. Consider taking advantage of automatic debits from a checking account or bill-pay apps and sign up for payment reminders (by email, phone, or text).

4) Get Your Credit Report:

Once a year, consumers can request a free credit report from the three major credit bureaus—Experian, Equifax, and TransUnion— through the federally created website AnnualCreditReport.com.5 Review these reports and dispute any errors by informing the credit bureau of inaccuracies. Because you can get three of them, consider spacing out your requests throughout the year to monitor yourself regularly.

5) Check Your Credit Score:

Having a good credit score helps you obtain the best interest rates on loans and credit cards, among other benefits. Monitor your score via a free credit monitoring service (or, if you can afford to and want to add an extra layer of protection for your information, use one of the best credit monitoring services). In addition, be aware of the financial decisions that can raise or lower your score, such as credit inquiries and credit utilization ratios.

6) Manage Debt:

Use your budget to stay on top of debt by reducing spending and increasing repayment. Develop a debt-reduction plan, such as paying down the loan with the highest interest rate first. If your debt is excessive, contact lenders to renegotiate repayment, consolidate loans, or find a debt counseling program. Invest in Your Future—if your employer offers a 401(k) retirement savings account, be sure to sign up and contribute the maximum to receive the employer match. Consider opening an individual retirement account (IRA) and creating a diversified investment portfolio of stocks, fixed income, and commodities. If necessary, seek financial advice from professional advisors to help you determine how much money you will need to retire comfortably and develop strategies to reach your goal

3.5 FIVE CORE COMPETENCIES OF FINANCIAL LITERACY:

Earning:

Earning refers to the resources through which you bring money to your home and it includes a job, self-employment, business or return on various investments. In the case of India, most of the individual earns money via employment in form of a paycheck. On average, the employee pays between 20-25% of their gross income in taxes and deductions before receiving their take-home salary or the net income. So, it is necessary to understand gross versus net in a paycheck. So, every individual should understand the concept of earning to determine their future plans.

Saving and Investing:

Individuals should first learn the aspect of saving from whatsoever he/she earns and try to save at least 25-30% (if possible) and then look after other expenditures like rent, food and daily expenses among others. Now, the person should know the art of investment so that he/she can make an informed decision to invest a part of his savings to make sure that you are satisfied with your return on this investment. Start Saving Early and Pay Yourself first, this will help you to understand the fact that the saved money grows over time, which may lead you to explore long-term investments for retirement planning.

Spending:

Spending is the most important concept and one must have a sound understanding of the same as the style of spending is a reflection of a person's lifestyle, values and financial behaviour. Understanding the difference between WANT and NEED is a basic concept of controlling spending and budgeting is the most powerful tool that a person can adopt to control spending. A control on spending will allow you to save more and invest more for the future.

Borrowing:

Borrowing means a way to be under debt. Most individuals have to borrow in form of a vehicle loan, house loan, student loan and personal loan among other forms of loans in India, to finance their needs. Make sure that the borrowed money or the debt you take is used in the creation of an asset. At the same time, also make a financial plan for repayment of the debt so that your sail out at ease of the pressure that the loan can through on you if things are not planned well.

Protecting:

For the financial protection of the family, you should know the art of protecting your financial resources. For this purpose, you can opt for insurance, retirement plans and another mode of investments where you get good returns and stay protected at all levels in your life. These are the five core competencies that a person must know to lead a life of financial security and freedom.

3.6 THE 5 KEY COMPONENTS OF FINANCIAL LITERACY

1. The Basics of Budgeting

Creating and maintaining a budget is one of the most basic aspects of staying on top of your finances. It doesn’t matter if math isn’t your strong suit - thanks to these user- friendly tools, everyone can get help with keeping their finances on track. And, when utilized properly, they'll keep you in the know about where your money is actually going.

2. Understanding Interest Rates

While you may touch upon the concepts within a mathematics course, it’s important to understand different aspects, like compound interest. Why? Not only can it help you save even more, but it can make the difference between borrowing a small amount and paying back much more than you need to for years to come.

3. Prioritizing saving

Obviously, saving is an important aspect of maintaining a healthy financial situation. But, the majority of students don’t prioritize this aspect as much as they should. It’s easy to ignore things like retirement since it seems so far off in the future.

4. Credit-Debt Cycle Traps

It’s much easier to lose credit than gain it, and many students don’t realize how easy it is to ruin their credit. Or how difficult it can be to regain credit – before it’s too late. That’s why it’s crucial to provide knowledge on debt earlier than later.

5. Identity Theft Issues & Safety

In this modern day and age, identity theft is more prevalent than ever. Since everything is digital and just about everyone has shopped online at one point or another, your financial information is more vulnerable to fraud. Understanding this concept, along with preventative measures, like password protection and limiting the amount of information shared online can be the key to maintaining safe accounts or, inversely, can lead to financial ruin

3.7 FINANCIAL LITERACY AROUND THE WORLD: An Overview

In an increasingly risky and globalized marketplace, people must be able to make well-informed financial decisions. Yet new international research demonstrates that financial illiteracy is widespread when financial markets are well developed as in Germany, the Netherlands, Sweden, Japan, Italy, New Zealand, and the United States, or when they are changing rapidly as in Russia. Further, across these countries, we show that the older population believes itself well informed, even though it is actually less well informed than average. Other common patterns are also evident: women are less financially literate than men and are aware of this shortfall. More educated people are more informed, yet education is far from a perfect proxy for literacy. There are also ethnic/racial and regional differences: city-dwellers in Russia are better informed than their rural counterparts, while in the U.S., African Americans and Hispanics are relatively less literate than others.

Moreover, the more financially literate are also those most likely to plan for retirement. In fact, answering one additional financial question correctly is associated with a 3-4 %age point higher chance of planning for retirement in countries as diverse as Germany, the U.S., Japan, and Sweden; in the Netherlands, it boosts planning by 10 %age points. Finally, using instrumental variables, we show that these estimates probably underestimate the effects of financial literacy on retirement planning. In sum, around the world, financial literacy is critical to retirement security

3.8 FINANCIAL LITERACY IN INDIA

Only 24% Indians Financially Literate: India is home to almost one-fifth of the world population and has a literacy rate of nearly 80 per cent. Unfortunately, only 24 per cent of people in the country are financially literate. Three-fourths of the Population in India does not know or understand the pressing need of managing finances is scary for a country that depends on the economy for its development. Nonetheless, there has been a remarkable improvement in the %age in the last eight years. In 2013, only 15 per cent of the country's Population knew how to manage their f finances and savings.

The Times of India quoted the President of the Institute of Company Secretaries of India (ICSI), Ashish Garg, "Despite having the world's 10th largest and Asia's oldest stock exchange, low per capita income, educational inequality, non-banking habits, informal borrowing and lending practices that have been going on for years. Thus, it is imperative for the country to now understand how to optimize its resources and boost the economic and financial backbone of the nation."

3.9 IMPORTANCE OF FINANCIAL LITERACY FOR STUDENTS & KIDS

Here are the fundamental points that children need to know about financial literacy, in addition to the top assets to make learning them fun.

Significance of money

Children should recognize what money is and how it's utilized. Numerous grown-ups underestimate this information on financial literacy—all things considered, they've been utilizing the cash for quite a while and are very acquainted with it. In any case, for kids, it's another idea. To assist them with getting it, feel free to address the unavoidable issues. Children are interested, so present it in a way that fulfills their hunger for information.

Money buys things

So what do individuals do with the cash they gain? They purchase things. Make the association between gaining money and the financial literacy and advantages it gives and make it concrete. What in a kid's life would you be able to highlight? The garments they wear, the toys they play with—the entirety of that is bought with cash. Additionally, instruct kids that things have various costs and that a few things cost more than others. For cutting edge students, examine the contrast among merchandise and enterprises

Money – is earned

Indeed, it is as yet significant for children to hear. Financial literacy for students is simple for youngsters to envision cash as something that mystically shows up when they need it. Assist them with the understanding that cash is something that is earned

Money – to be spent carefully

Youngsters need to discover that they are in charge of their accounts and financial literacy. They generally have a decision about where, when, how, and why they go through their cash. Stores and brands convey comparative things at uncontrollably unique value focuses. Open your youngsters to how significantly products and ventures fluctuate in cost and how to utilize thinking to settle on the best buy. This should be possible in the market as well. Contrast a conventional item with its name-image variant. What's the distinction in cost? Is it justified, despite all the trouble?

Contrast among "necessities" and 'wants' Not all buys are equivalent. Children may not understand that costs like food supplies and lease are organized over films, games, and new gadgets. The previous are "necessities." The last are "wants."

One great approach to make this point is to take them shopping for food and offer with them your financial literacy for the outing. The entirety of the things that you purchase for solid suppers are "need" buys. Everything in the checkout line? Those are "needs." Those things may be ideal to have, however buying them should possibly be thought of all "need" things are purchased and there's cash left to spend.

Saving money – to spend later on

Money is not tied in with acquiring and spending. A significant segment in financial literacy for students is sparing or saving cash for future costs. Sparing does not—and should not—be introduced as an errand, or something much the same as having broccoli at supper. Or maybe, ask kids what they may purchase on the off chance that they had more cash. A doll? An activity figure? A baseball glove? These things can be bought by setting aside cash earned today and holding back to spend it until there's sufficient for the thing.

For kids, the most significant thing is to get them prone to spare. When the propensity of financial literacy is found out, they would then be able to concentrate on what they're putting something aside —for entertainment only things like toys or outings, yet additionally significant ones like instruction costs.

3.10 IMPORTANCE OF FINANCIAL LITERACY IN INDIA

Financial literacy is one of the biggest assets of any country as it is directly proportional to the economic growth. The significance of financial literacy in India are as follow:

Ease in borrowing:

Based on an RBI study, 42.9% of population borrowed money from informal sources and pay higher interests. A strong financial education can help small traders make informed decisions and make the best use of available resources. Ease in doing business transactions: The launch of Pradhan Mantri Jan Dhan Yojana has led to an addition of 280 million new bank accounts. These accounts have led to an ease in doing business and has also promoted cashless transactions to a great extent.

Growth of MSMEs:

MSMEs contribute to 29% of India’s GDP with 50% of the exports coming from this sector. Financial literacy can help small businesses grow and even bring new businesses to the market.

3.11 FINANCIAL LITERACY IN KERALA

In general, financial literacy is a combination of financial attitude, financial behavior and financial knowledge. Financial attitude is an incorporated attitude towards spending, saving and planning money. Financial behavior takes into consideration of manners of people which affect their financial wealth and wellbeing. It considers questions related to household budget, cautious purchases, savings, long term financial goals, observing financial affairs, timely payment of bills and affordability. Financial knowledge examines the awareness of the people about financial products and services like interest, risk-return, inflation and diversification. Southern region of India especially in Kerala, the literacy rate is higher when compared to the country as a whole. But still we cannot say this is the case in financial literacy. Many researches on financial literacy of people in Kerala have shown that financial literacy among them are quite low compared to literacy rate. They are not competent enough to invest in the right financial product.

In a survey among the southern region, Karnataka state scored (90 %) highest level in financial attitude followed by Kerala (85 %). Puducherry (48 %) scored lowest level in financial attitude. Data Compiled from the National Centre for Financial Education Report on financial literacy, 2015. On an average, southern region scored 66 % in financial attitude which is slightly lower than national average

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Financial Behavior in Southern States of India especially in Kerala state is higher. Due to more foreign money coming its way. In Kerala there are lesser number of industries and mineral resources, thus this foreign money boosts up its economy. Due to this reason they much be financially literate and competent to make sound investment decision. In a research among the southern region, Kerala state scored (70 %) highest level in financial behavior followed by Tamil Nadu (69 %). Puducherry (55 %) scored lowest level in financial behavior. Financial Knowledge in Kerala state of India is high comparing to southern states. Among the southern region, Kerala state scored (55 %) highest level in financial knowledge followed

by Tamil Nadu (46 %). Lakshadweep scored (24 %) lowest level in financial knowledge. It is the sum total of financial attitude, financial behavior and financial literacy.

In general, financial literacy is a combination of financial attitude, financial behavior and financial knowledge. Financial attitude is an incorporated attitude towards spending, saving and planning money. Financial behavior takes into consideration of manners of people which affect their financial wealth and wellbeing. It considers questions related to household budget, cautious purchases, savings, long term financial goals, observing financial affairs, timely payment of bills and affordability. Financial knowledge examines the awareness of the people about financial products and services like interest, risk-return, inflation and diversification.

Southern region of India especially in Kerala, the literacy rate is higher when compared to the country as a whole.

But still we cannot say this is the case in financial literacy. Many researches on financial literacy of people in Kerala have shown that financial literacy among them are quite low compared to literacy rate. They are not competent enough to invest in the right financial product.

In a survey among the southern region, Karnataka state scored (90 %) highest level in financial attitude followed by Kerala (85 %). Puducherry (48 %) scored lowest level in financial attitude. Data Compiled from the National Centre for Financial Education Report on financial literacy, 2015. On an average, southern region scored 66 % in financial attitude which is slightly lower than national average. Financial Behavior in Southern States of India especially in Kerala state is higher. Due to more foreign money coming its way. In Kerala there are lesser number of industries and mineral resources, thus this foreign money boosts up its economy. Due to this reason they much be financially literate and competent to make sound investment decision. In a research among the southern region, Kerala state scored (70 %) highest level in financial behavior followed by Tamil Nadu (69 %). Puducherry (55 %) scored lowest level in financial behavior.

Financial Knowledge in Kerala state of India is high comparing to southern states. Among the southern region, Kerala state scored (55 %) highest level in financial knowledge followed by Tamil Nadu (46 %). Lakshadweep scored (24 %) lowest level in financial Knowledge. Financial literacy is a combination of financial attitude, financial behavior and financial knowledge. It is the sum total of financial attitude, financial behavior and financial females are financially literate compared to 35 % males.

3.12 GLOBAL BANKING AND FINANCIAL LITERACY

Learn from the competition:

Fintechs have driven innovation in the industry, with simple, user-friendly interfaces; user tools such as AIdriven chatbots; and insights such as nudges, alerts, spending breakdowns and data visualisations. These tools can be applied across services, including cash management, payments, lending, insurance and more. Banks can either replicate these features or buy tools from fintechs directly.

Nudges and alerts can help consumers monitor such items as outstanding balances, loan payment terms and due dates, and more, improving their credit and helping them reduce debt. Modelling tools can help explore the implications of decisions, helping consumers better experience their consequences. In the U.S., Zoggo Finance is teaching Gen Z how to make better decisions, using games and incentives. Emma helps consumers track finances, eliminate wasteful subscriptions and use recommendations to save money. Betterment and Wealthfront provide robo-advising that simplifies investment decision making, while Coinbase makes crypto currency investing accessible.

Develop deep customer insights:

Banks can learn how consumers make decisions, including those that aren't in the best interests of their financial well-being. Teams can conduct qualitative and quantitative research and apply design thinking to these challenges. Teams can conduct innovation sprints, using insight driven tools and techniques such as user personas, pain mapping, inspirational case studies and new technologies to explore new opportunities. They can then align the best of these opportunities to their target customer experience, by developing a growth strategy; commercializing new business models, products and services; and aligning their technology roadmap and investments accordingly. During the early days of COVID-19, Sparkler executed fast-paced research to learn how UK consumer beliefs and attitudes were changing. As an example,

Sparkler found that among 18- to 34-year-olds, 37 per cent needed more credit to pay for essentials, 45 per cent were interested in alternative ways to invest money and 38 per cent said they needed greater guidance on managing pensions, insights banks could put to work.

Become a data-driven business:

Banks can improve data gathering, analysis and segmentation across the customer lifecycle. They can then use this data to design personalized customer journeys across digital channels, where financial education is delivered both just-in-time and on an ongoing basis. By deploying cloud-based tools to better predict behaviour and risk, they can offer financial content and intervention to support customers' decision making. Banks can use AI-driven chat and other tools to guide consumers through products and services and help them make the right choices. Similarly, brokerages can break down and demystify options, stock and crypto trading, while putting appropriate checks and balances in place to avoid harming vulnerable consumers. Ageas, a leading insurance company in Europe and Asia, is building analytics solutions at scale, to offer personalized services and automated processes across its life, non-life, and accident and health business lines.

Deploy modern strategies and architectures:

Banks are moving data to the cloud, using micro services to build flexible services, and creating end-to-end solutions using APIs. By so doing, bank teams can gain access to near-real-time, accurate data for decision making. They can then use advanced analytics to predict financial difficulty, model the affordability of new loans and automatically trigger interventions for vulnerable consumers. But they'll have to move faster to keep pace with the market. Banks are adopting agile ways of working to speed up innovation and reduce risk. Schroders, a global investment manager, has trained 600 professionals on agile processes, accelerating the speed of project release by 20 per cent in just nine months. As consumers struggle with finances, they are looking for a helping hand. By intervening early and often with personalized financial literacy tools and services, banks can create customers for life. As financial services leaders know, keeping, servicing and growing customer relationships can be more profitable than constantly marketing for and losing them, or writing off bad debt due to ongoing loan and credit losses.

3.13 IMPACT OF SOCIAL MEDIA ON FINANCIAL LITERACY

Social media has a huge impact in spreading financial literacy in India. It was one of the biggest influencers of rise in investment during the pandemic. Many stock market training academies, YouTube channels and websites were founded during this period. The top 15 Indian YouTube channel focusing on equity markets have a subscriber base of more than 13 million. An increase in internet penetration and popularity of these mediums, triggered a rise in popularity of investment across India. Many people from different age groups began investing in equity markets and mutual funds. The retail investors’ share in cash market turnover increase from 39% in 2019 to 45% in 2020.

3.14 GOVERNMENT INITIATIVE TOWARDS FINANCIAL LITERACY

Strengthening financial inclusion in India has been an important agenda of the government and the various regulatory bodies such as: RBI, SEBI, IRDAI, PFRDA. Efforts have also been taken to spread awareness and increase financial literacy among small businesses. Listed below are few such initiatives taken by respective regulatory authority:

Reserve Bank of India (RBI) RBI being the money market and the banking regulator has launched basic financial education as well as sector focused financial education. These include, financial literacy guides, diaries and posters covering the tenets of financial wellbeing such as savings, concepts of interest, time value, inflation etc. To aid businesses, ATM’s, payment systems, Ponzi schemes, financial awareness messages etc. are some of the other contents covered.

Securities and Exchange Board of India (SEBI)

SEBI also focuses on enhancing basic financial education and sector wise financial education. Being the Indian capital and securities market regulator, it also arranges events such as the World Investor Week and mass media campaigns. It also has a dedicated investor website.

Insurance Regulatory and Development Authority of India (IRDAI)

Like the other regulators, IRDAI also works on content development by creating brochures, handbooks etc. It has also created mandatory board approved policy for insurers and arranges various seminars and quiz programs.

Pension Fund Regulatory and Development Authority (PFRDA)

PFRDA has dedicated website called 'Pension Sanchay' launched in 2018. This website aims at increasing financial literacy from retirement perspective.

In addition to the above, the government of India has also implemented several schemes in order to increase financial inclusion such as, Pradhan Mantri Jan Dhan Yojana, Jivan Jyoti Beema, Atal Pension Yojana etc. These schemes are introduced for the ease of banking services, awareness, and general insurance awareness. In addition to this, the government arranges several financial literacy programs like financial education for children, retirement planning, commodity future markets and insurance for school students to educate and spread awareness among the young population

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

Financial literacy relates to the ability of knowing and understanding financial concepts and matters. It has been identified as an important factor in determining financial behaviour. Decision making of individuals are highly shaped by their financial literacy regarding understanding financial concepts and recognizing of financial instruments. Financially literate individuals make better financial decisions and hold greater wellbeing in term of financial condition than financial illiterate individuals.

Data analysis is to analyse the data we have collected through sending Questionnaires, Google forms and Telephonic interview. A main advantage of data analysis is that it helps in data collected being reduced and simplified, while at the same time producing results that may then measure using quantitative techniques.

We divided our financial literacy analysis into four levels and assessed **Financial Literacy, Financial Competence, Financial Confidence and Financial Attitude/ Motivation** of the respondent. The data is presented in four sections: first section presents data analysis of financial literacy of both subgroups and analysis of financial literacy level with socio economic background of Retired government employees, second section presents financial competency, and third section presents Financial Confidence and Financial motivation of Retired government employees.

Analysis in this chapter is presented in 4 different heads

1. Profile of the Respondent
2. Level of Financial Literacy of Retired government employees
3. Level of Financial Literacy and Socio economic background of the respondent
4. Financial Competency of Retired government employees
5. Financial Motivation of Retired government employees

4.2 Profile of Respondents

The study was conducted with the objective of finding out financial literacy level with special reference to Retired government employees. For the purpose of collecting data we prepared questionnaires and Google forms. We performed convenience sampling and collected responses from 50 Retired government employees. To study about the features of the selected group, the sample respondents from each group is classified into different categories on the basis of their educational qualification, income, age, sex, locality, family type etc. And we analysed respondent's financial awareness level, financial competency level, financial confidence and financial motivation. An explanation or conceptualization of the collected data with the help of tables, charts and graphs are presented are as follows

4.3 LEVEL OF FINANCIAL LITERACY

According to our analysis person is considered as **financially literate** if the answer to the questions 1, 2 , 3, 4 and anyone of 5 to 12 is know well or apply. It means a person know well or apply the concept of Interest, Compound Interest, Inflation, Risk Diversification and Insurance.

4.3.1 AWARENESS LEVEL OF VARIOUS CONCEPTS AMONG RETIRED GOVERNMENT EMPLOYEES

Table: 4.3.1

Awareness of the concept Interest

Particulars	**No of respondents**	**%age**
Heard Of	13	26%
Know Well	17	34%
Apply	12	24%
Wish To Know	8	16%
Total	50	100%

According to our study out of 50 respondents 26% are heard of interest.34% of respondents know well about it. 24% apply the interest concept. And only16% wish to know more.

Table: 4.3.2

Awareness of the concept Compound interest

particulars	No of respondents	%age
Heard Of	19	38%
Know Well	13	26%
Apply	8	16%
Wish To Know	10	20%
Total	50	100%

According to our study out of 50 respondents 38% are heard of compound interest. 26% of respondents know well about it. 16% apply the interest concept. And only 20% wish to know more about compound interest.

Table: 4.3.3

Awareness of the concept Penal interest

particulars	No of respondents	%age
Heard Of	15	30%
Know Well	6	12%
Apply	3	6%
Wish To Know	26	52%
Total	50	100%

According to our study out of 34 respondents 30% are heard of Penal interest. 12% of respondents know well about it. 6% apply the interest concept. And only 52% wish to know more about it.

Table: 4.3.4

Awareness of the concept Inflation

particulars	No of respondents	%age
Heard Of	16	32%
Know Well	24	48%
Apply	2	4%
Wish To Know	8	16%
Total	50	100%

According to our study out of 50 respondents 28% are heard of inflation. 48% of respondents know well about it. 8% apply the inflation concept. 26% wish to know more about it.

Table: 4.3.5

Awareness of the concept Risk diversification

particulars	No of respondents	%age
Heard Of	26	52%
Know Well	7	14%
Apply	0	0%
Wish To Know	17	34%
Total	50	100%

According to our study out of 50 respondents 52% are heard of Risk diversification.14 % of respondents know well about it. And 34% wish to know more about it

Table 4.3.6

Awareness of the concept Insurance

particulars	No of respondents	%age
Heard Of	15	30%
Know Well	11	22%
Apply	18	36%
Wish To Know	6	12%
Total	50	100%

According to our study out of 50 respondents 30% are heard of concept insurance. 22% of respondents know well about it. 36% apply the risk diversification. And only 12% wish to know more about it

4.3.2 LEVEL OF FINANCIAL LITERACY OF RETIRED GOVERNMENT EMPLOYEES

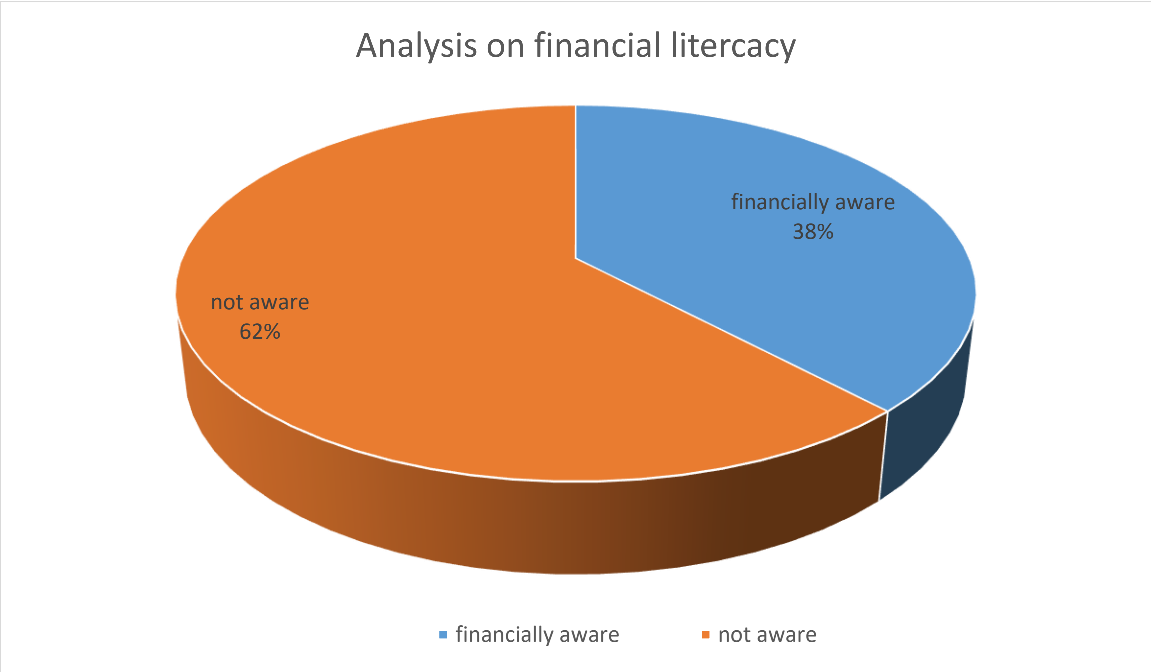
Table no: 4.7

Level of Financial Literacy of Retired government employees

Basis	No. of Respondents	%
Financially aware/ literate	19	38%
Not aware/ literate	31	62%

Total	50	100%

Graph 4.7.1



INTERPRETATION:

The above graph shows that 38% of respondents are financially aware/literate and 62% is not literate.

4.4 LEVEL OF FINANCIAL LITERACY AND SOCIO ECONOMIC BACK GROUND OF THE RESPONDENT: RETIRED GOVERNMENT EMPLOYEES

We focused on the analysis of level of financial literacy and socio-economic background of Retired government employees, who have low financial literacy level. The factors considered in analysis includes Gender, Age, Marital status, and Income, Education and Family type of respondents.

4.4.1 Gender wise difference in financial literacy

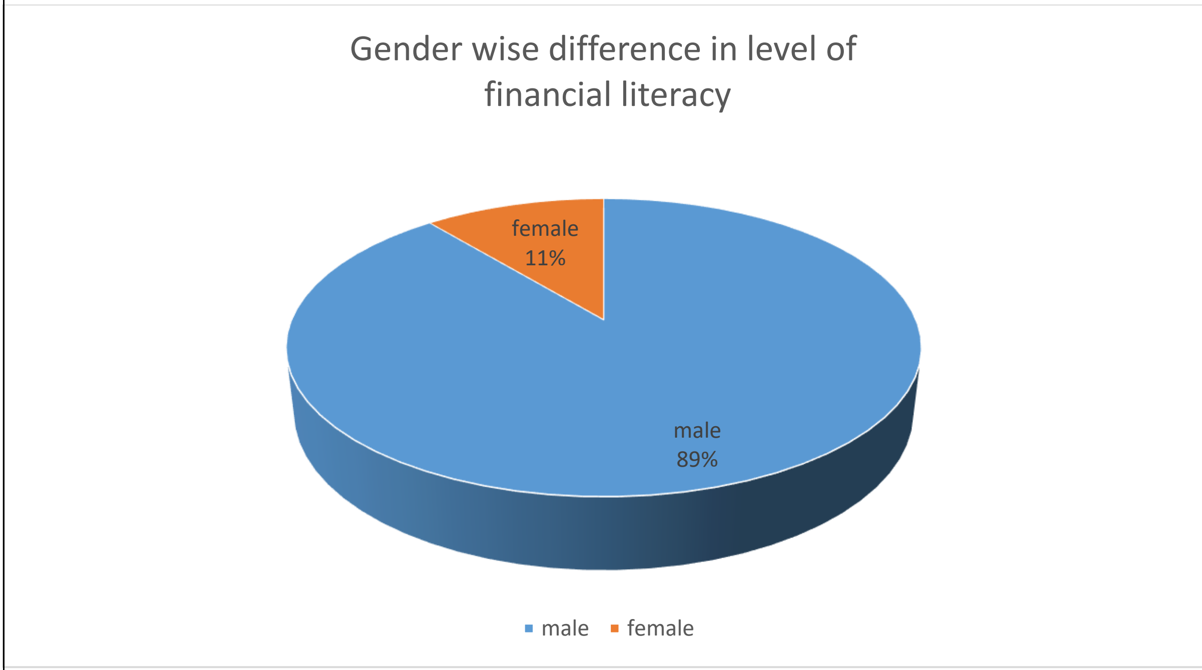
There are important knowledge gaps throughout the population. And there is considerable differences among gender wise literacy also. The following table and graph shows gender wise classification of respondents.

Table 4.8

Gender wise difference in level of financial literacy

Gender	Male	%	Female	%	Total	%
Literate	17	39%	2	33%	19	38%
Not literate	27	61%	4	66%	31	62%
Total	44	84%	6	16%	50	100%

Graph 4.8.1



INTERPRETATION:

The above graphs shows that 39 % male are literate and the 33 % females are financially literate. Here, we could see that males are more literate than females. But when we compare the total no: of male and female respondents with their respective %age of financial literacy, male respondents have low financial literacy, as the no: of financially illiterate males are high in number. It can be concluded that majority of the male Retired government employees are not literate so as the female Retired government employees.

4.4.2 Age Wise difference in level of financial literacy

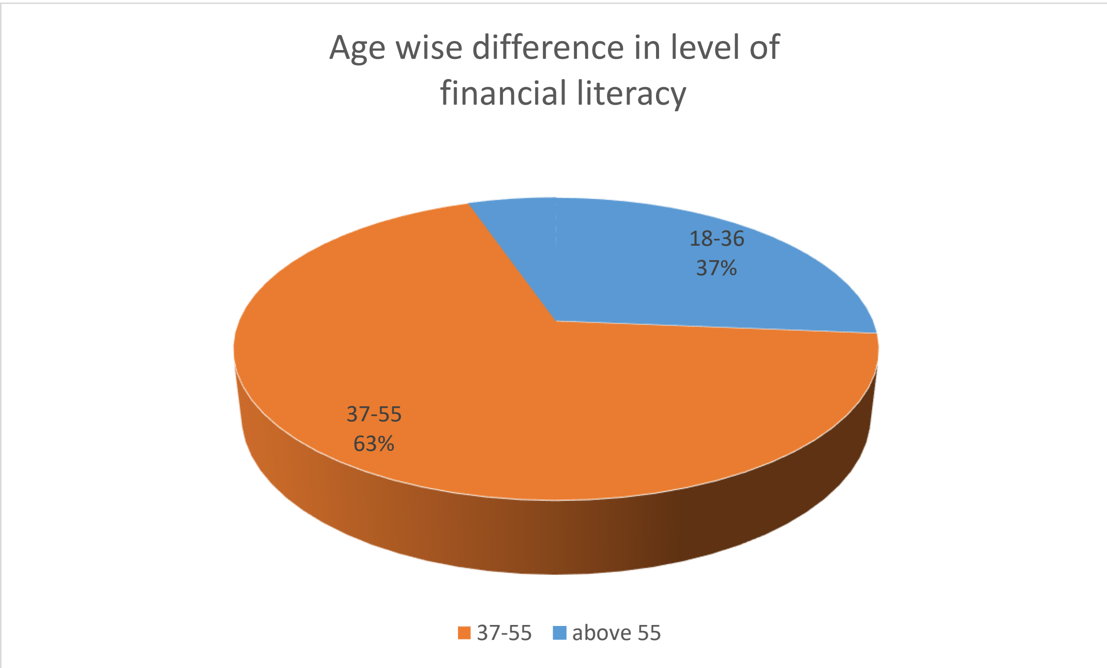
At all ages whether at work or in our personal lives, we have to make decisions on a regular basis. Some decisions will be easier than others. As people tend to get older, decisions about topics such as health and retirement are considered more important. The difficult decisions we make later in life are often important and can impact our lives substantially – meaning there may be fewer opportunities to recover from any bad decisions we make.

In this study to analyse whether age has an impact on being financially literate or illiterate, the respondents were classified into three age groups: 18-35, 37-55 and above 56

Table 4.9

Age wise difference in level of financial literacy

Age group	**18-36**	**%**	**37-55**	**%**	**above 55**	**%**	**Total**	**%**
Literate	0	0%	12	38%	7	26%	19	38%
Not literate	0	0%	19	62%	12	63%	31	62%
Total	0	0%	31	100%	19	100%	50	100%



Graph 4.9.1

INTERPRETATION:

The above graphs shows that 38 % of respondents in the age group 37-55 is literate. 26 % found to be literate in above 55 years age group

. According to the study middle age group respondents are more literate than other groups. It is concluded, there is significant difference in age and level of financial literacy of Retired government employees, the majority of Retired government employees belong to the age group 37 – 55 are illiterate.

4.4.3 Marital Status wise difference in financial literacy

Every person whether single or married wants to be financially independent & secure his/her future with enough funds. Although individuals may be equal in all aspects, when it comes to their financial planning needs, they are very different. They raise their money and increased wealth through investing in secure and risky assets. When it comes to investment, being single is a plenty advantageous and people are free to make financial decisions. They can create a desirable financial future. On the other hand, for married people dealing with money is one of the biggest challenges as they have to discuss many things with their spouses before making any financial plan.

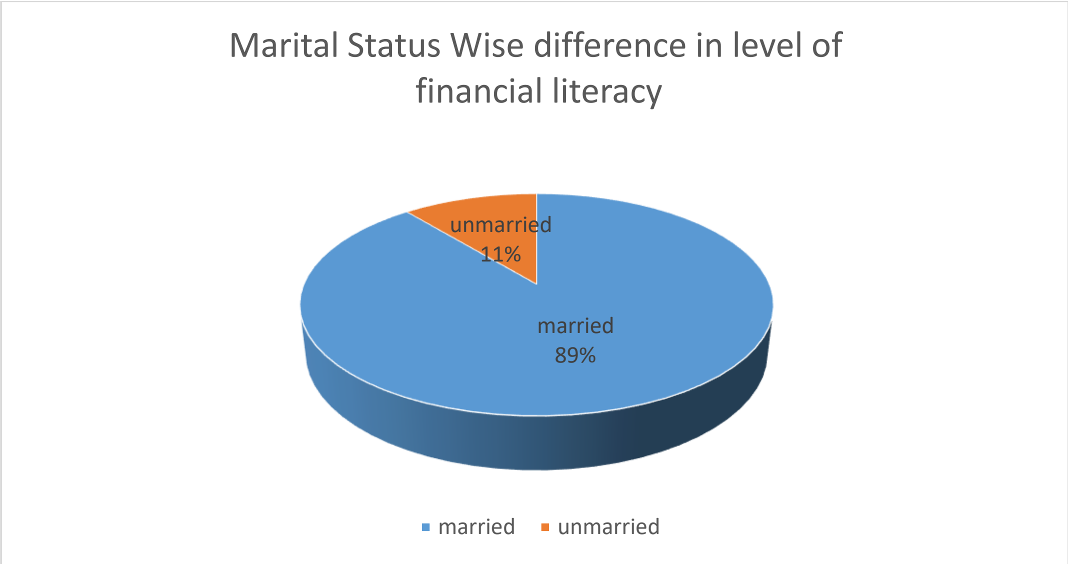
In this study to analyse the financial literacy of the respondents we have classified them on the basis of their marital status; i.e. Married/Single.

Table 4.10

Marital Status Wise difference in level of financial literacy

Marital Status	**Married**	**%**	**Unmarried**	**%**	**Total**	**%**
Financially Literate	17	37%	2	50%	19	38%
Not literate	29	63%	2	50%	31	68%
Total	46	100%	4	100%	50	100%

Graph 4.10.1



INTERPRETATION:

The above graphs shows that 37 % married are literate and the 50 % unmarried are financially literate. Here, we could see that majority of respondents are married and only four are unmarried. And it is noted that marital status of the respondent has no significant impact on level of literacy of the respondent.

4.4.4 Income level wise difference in financial literacy

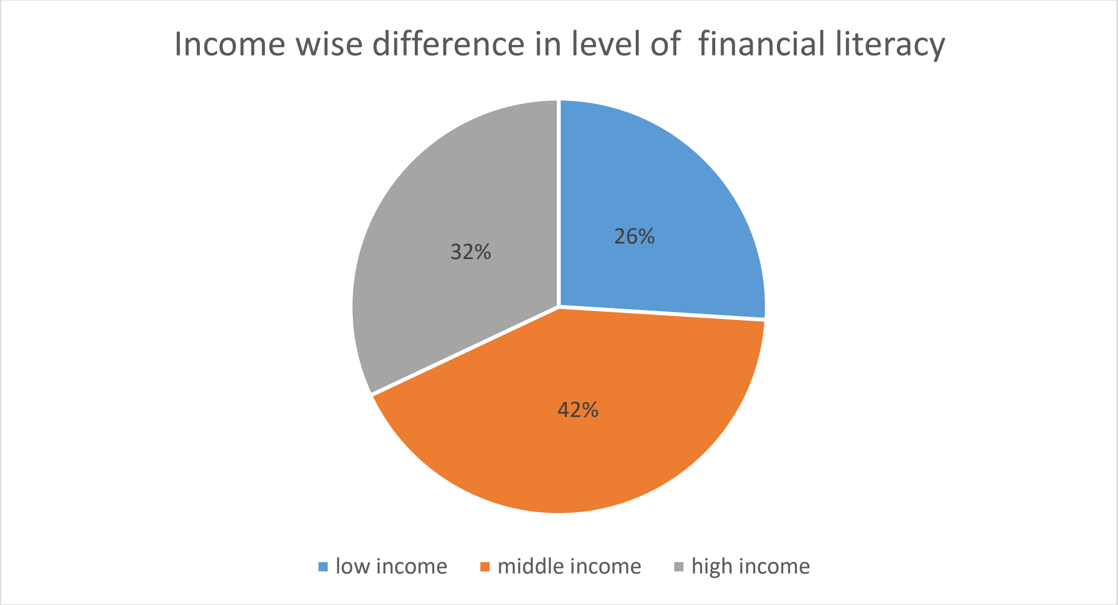
People with low incomes see the most routine, ordinary experiences through different lenses than people with higher incomes, according to psychological research. It is evident that income does play a significant role in a person's financial decisions as well as financial planning. In this study to analyse the financial literacy of the respondents based on their income level, they are classified into three: Low Income, Middle Income and High Income. Low income include annual earnings up to 2 lakhs, Middle income means earnings between 2 and 5 lakhs. High income means earning above 5 lakhs

Table 4.11

Income wise difference in level of financial literacy

Income Group	**Low income**	**%**	**Middle income**	**%**	**High income**	**%**	**Total**	**%**
Financially Literate	5	27%	8	35%	6	75%	19	38%
Not literate	14	73%	15	65%	2	25%	31	62%
Total	19	100%	23	100%	8	100%	50	100%

Graph 4.11.1



INTERPRETATION:

The above graphs shows that 27 % of respondents in low income group is literate and 35 % of respondents in the middle income group is literate. In high income group 6 respondents are to be literate. It is noted that income of the respondent has significant impact on level of financial literacy of the respondent. Persons with high income is found to be more literate than others. And there is low literacy among low income group.

4.4.5 Education-wise difference in financial literacy

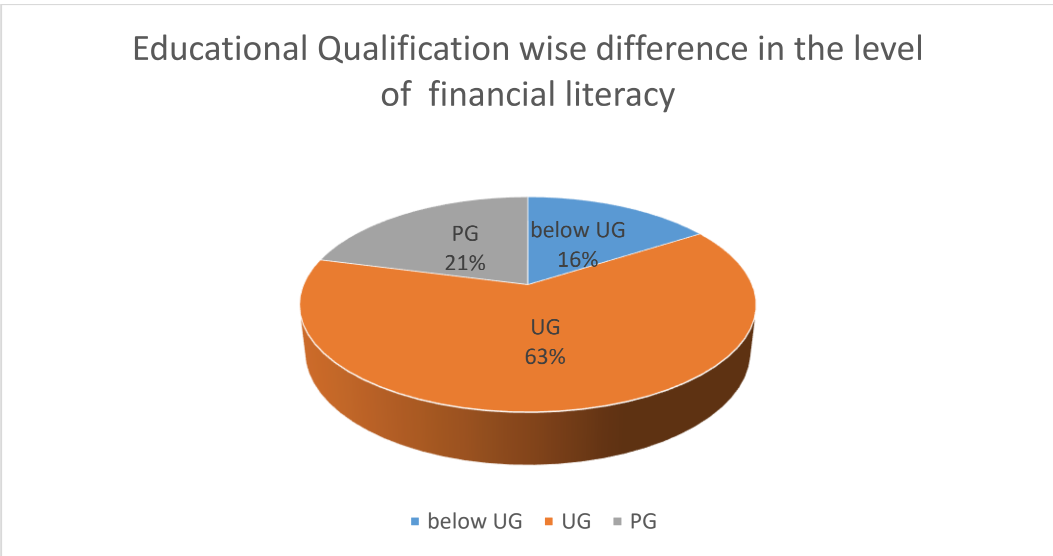
Education gives us knowledge of the world around us and changes it into something better. It helps us build opinions and have points of view on things in life. Education makes us capable of interpreting things, among other things. Also it's understood that the educational qualification of a person does influence his/her financial decisions and financial planning. In this study we have classified the respondents into four groups on the basis of their educational qualification: Below UG, UG, CA, and PG and above.

Table 4.12

Educational Qualification wise difference in level of financial literacy

Education Group	Below UG	%	UG	%	PG	%	Total	%
Financially Literate	3	21%	12	40%	4	67%	19	38%
Not literate	11	79%	18	60%	2	33%	31	62%
Total	14	100%	30	100%	6	100%	50	100%

Graph 4.12.1



INTERPRETATION:

The above graphs shows that 21% of respondents in below graduation and 40 % of respondents in Graduated group is found to be financially literate. . 4 found in 6 above graduation group financially literate. We found that the persons with high Education degree, PG are financially literate. And the low education group are found less financially literate. It is noted that education of the respondent has significant impact on level of financial literacy

4.4.6 Family Type wise difference in financial literacy

Family is the most influential group that develops individuals' financial behaviours. Family decision makers make decisions on behalf of all family members, including financial ones. Family is considered as the decision-making unit for many economic activities. Economic models dominate the research on financial decisions such as income, spending, savings, borrowing, asset accumulation, and investing, mostly at individual or household levels.

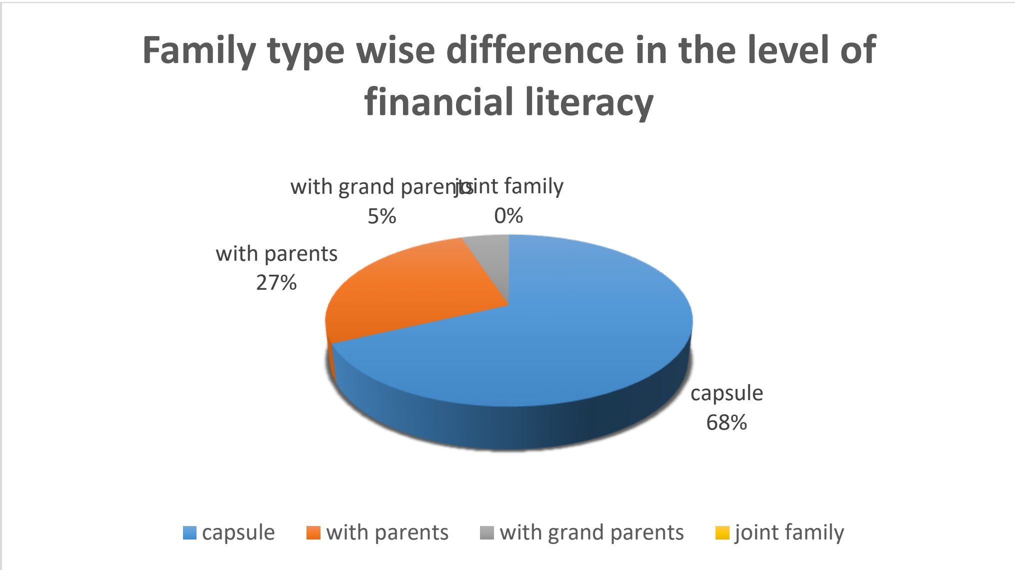
In this study to analyse the financial literacy of the respondents they were classified into four main family types: With Parents, Joint Family of two or more families of same generation, Capsule 2 or 1+ child and With Parents and grandparents.

Family type	Capsule	%	With Parents	%	With Grand parents	%	Joint family	%	Total	%
Financially Literate	13	42%	5	33%	1	100%	0		19	38%

Table 4.13

Not literate	18	58%	12	67%	0		0		31	62%
Total	31	100%	18	100%	1		0		50	100%

Family type wise difference in level of financial literacy



Graph 4.13.1

INTERPRETATION:

The above graphs shows that 68% respondents in capsule family type and 25% of respondents staying with Parents is found to be financially literate. Only 5% is found in joint family group to be financially literate. According to the study majority of the respondents are from capsule family and with parent's category. And Literacy rate seem to be higher in this category than others.

4.5 LEVEL OF FINANCIAL COMPETENCY

Financial Competency - A person is considered to be financial competent if his/her answer to the questions 13 to 16 is apply or use. It means a person is considered as financial competent if he apply or use the concept of Long term planning of the Expenses/ Income/ Savings/ Investment, aware of the Financial products and the Risk/Return characteristics, choosing financial products, access to financial products and stay informed.

(I) LEVEL OF FINANCIAL COMPETENCY OF RETIRED GOVERNMENT EMPLOYEES

Table 4.14

Competency level of financial concepts of Retired government employees

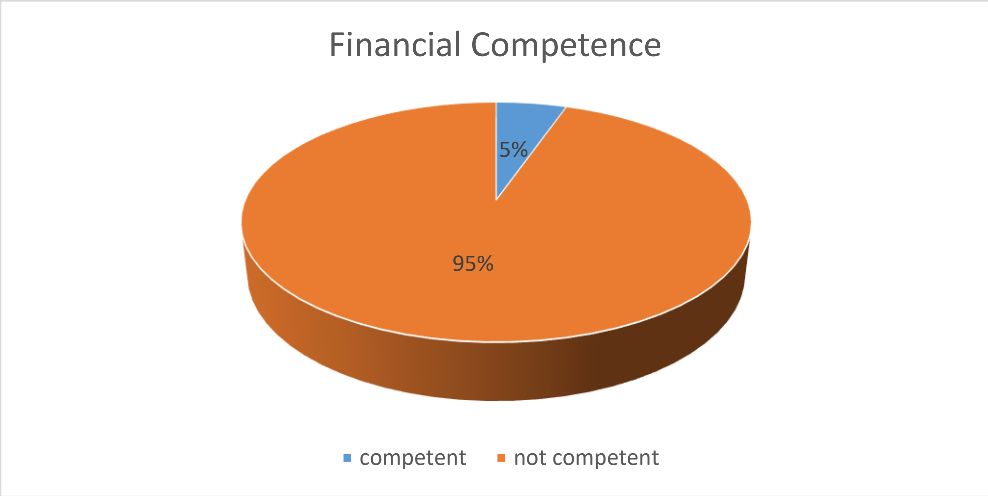
Particulars	**Heard Of**	**Know Well**	**Apply**	**Wish to know**	**Total**
1. Long-term planning of: Expense / Income /Savings/ Investment	29	6	3	12	50
2. Awareness of Financial Products and the risk/return characteristics	8	2	1	39	50
3. Choosing financial products	7	2	1	40	50
4. Access to financial products	2	1	1	44	50
5. Stay informed	17	4	2	27	50

Table 4.15

Level of Financial Competency of Retired government employees

Basis	**No. of Respondents**	%
Financially Competent	9	18%
Not Competent	41	82%
Total	50	100%

Graph 4.14.1



INTERPRETATION:

The above graph shows that 18% of ward members are Financially Competent and 82% is not competent

4.6 LEVEL OF FINANCIAL CONFIDENCE

Financial Confident - A person is considered to be financially confident if answers to three questions from 17 to 19 and is apply /use or know well and similarly know well for any of the questions from 20 to 23. It means a person is considered as financially confident if he/she apply the concept of Independent financial decisions made and executed –current and long term and know where to seek help on financial matters, managing debt and Regulatory Authorities (RBI, IRDA, PFRDA, SEBI).

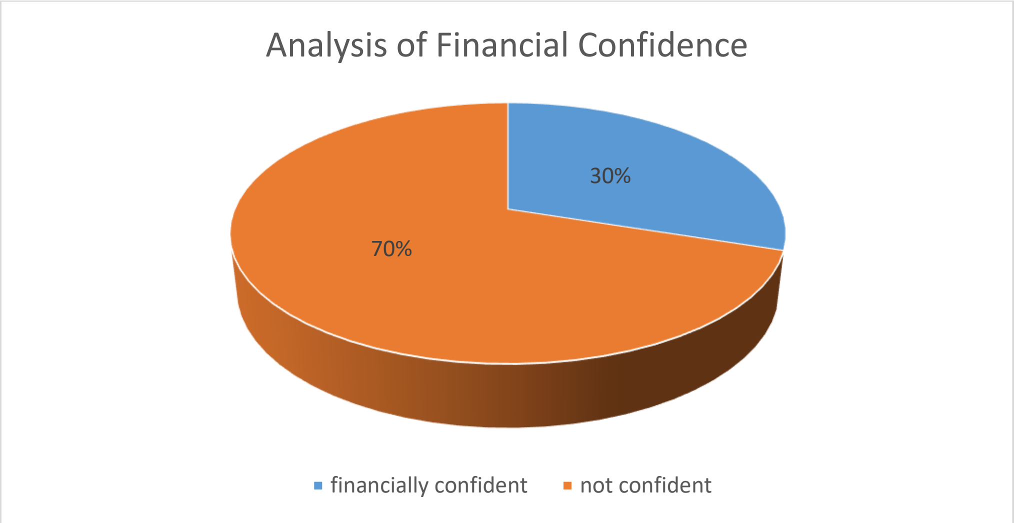
(I) LEVEL OF FINANCIAL CONFIDENCE OF RETIRED GOVERNMENT EMPLOYEES

Table 4.16

Level of Financial Confidence of Retired government employees

Basis	**No. of Respondents**	%
Financially Confident	15	30%
Not Confident	35	70%
Total	50	100%

Graph 4.16.1



INTERPRETATION:

The above graph shows that 30% of respondents are Financially Confident and 70% is not financially confident.

4.7 LEVEL OF FINANCIAL ATTITUDE/ MOTIVATION

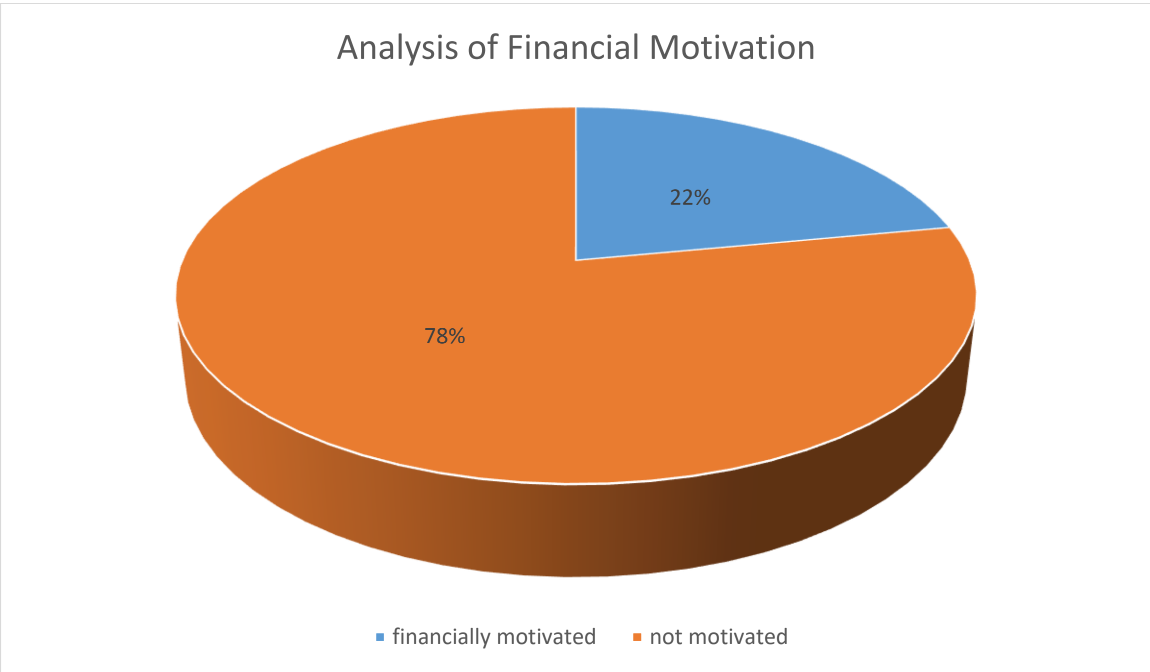
Financially motivated - A person is considered to be financially motivated if answers to any three questions from 24 and 25 is apply or use. It means a person is considered as financially confident if he/she apply the concept of Day to day financial management and budgeting, habit of saving and investment.

Table 4.17

Level of Financial Motivation of Retired government employees

Basis	**No. of Respondents**	%
Financially motivated	11	22%
Not motivated	39	78%
Total	50	100%

Graph 4.17.1



INTERPRETATION:

The above diagram / graph shows that 22% of respondents are Financially Motivated and 78% is not much motivated.

4.8 ANALYSIS BASED ON FINANCIAL KNOWLEDGE

Some other analysis were made on the basis of data collected to analyse respondents knowledge to financial fraud, Saving and investment habit, Gender competency related to financial knowledge, Interest to the area of Financial Literacy.

4.8.1 KNOWLEDGE/EXPOSED TO FINANCIAL FRAUD WISE CLASSIFICATION OF RESPONDENTS

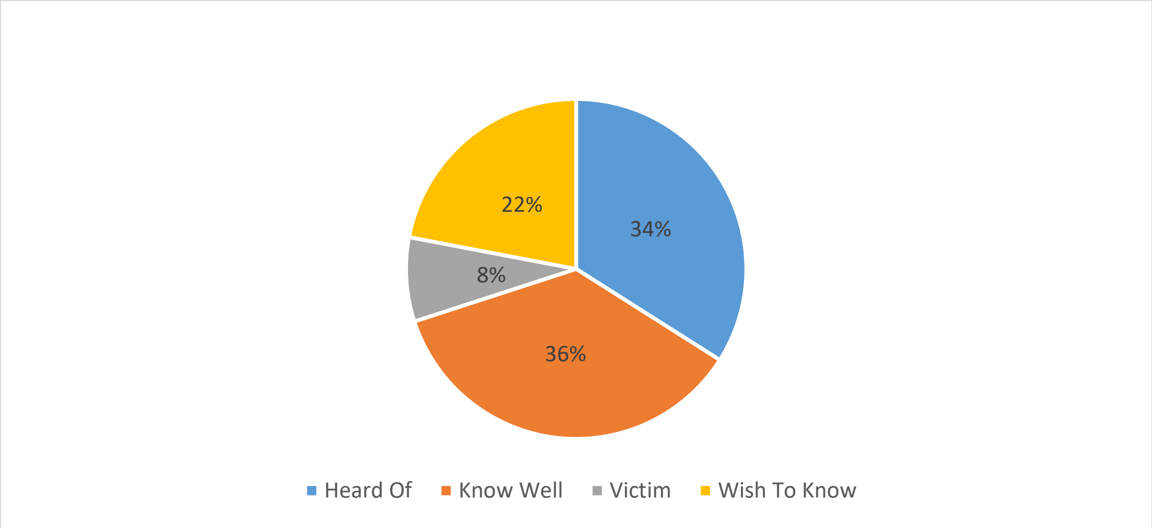
(I) KNOWLEDGE/EXPOSED TO FINANCIAL FRAUD WISE CLASSIFICATION OF RETIRED GOVERNMENT EMPLOYEES

Table 4.18

Knowledge/Exposed to Financial fraud wise classification of Retired government employees

particulars	**No of respondents**	**%age**
Heard Of	17	34%
Know Well	18	36%
Victim	4	8%
Wish To Know	11	22%
Total	50	100%

Graph 4.18.1



INTERPRETATION:

The above analysis shows that only 8% of respondents were victims of financial frauds, 36% know well about it and 34% have heard of it. 22% of respondents show interest to know more about financial frauds.

4.8.2 SAVING AND INVESTMENT HABIT WISE CLASSIFICATION

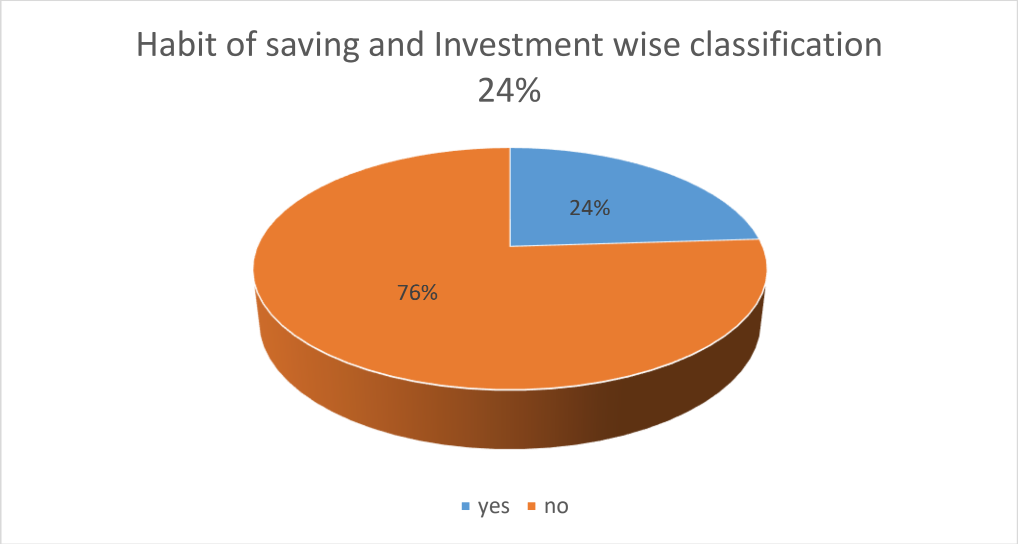
(I) SAVING AND INVESTMENT HABIT WISE CLASSIFICATION OF RETIRED GOVERNMENT EMPLOYEES

Table 4.19

Saving and Investment habit wise Classification of Retired government employees

Basis	**No. of Respondents**	%
Yes	12	24%
No	38	76%
Total	50	100%

Graph 4.19.1



INTERPRETATION:

The above graph shows 24% of Retired government employees have saving and investment habit and 76% don't have stable saving and investment habit. This unsatisfactory saving is because most of the Retired government employees find it hard to find money to save as they don't have surplus money. They basically earn a low income and have high proportion expense to income. Even if they wish to make saving/ investment they have no favourable financial condition.

4.8.3 GENDER DISPARITYWISE CLASSIFICATION AMONG RESPONDENTS

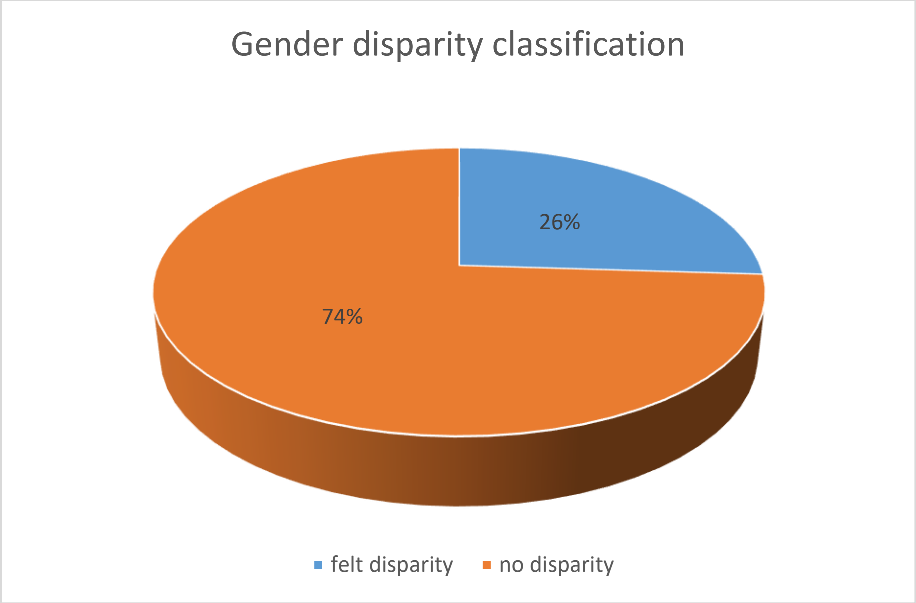
(I) GENDER DISPARITY CLASSIFICATION OF RETIRED GOVERNMENT EMPLOYEES

Table 4.20

Gender disparity classification of Retired government employees

Basis	**No. of Respondents**	%
Felt Disparity	13	26%
No Disparity	37	74%
Total	50	100%

Graph 4.20.1



INTERPRETATION:

The above graph shows 26% of Retired government employees felt Gender disparity 74% don’t felt any gender disparity in financial decision making. Most of them responded that males are more competent in financial decision making. They are more involved in spending than saving or investing because traditionally men have managed money.

CHAPTER 5

FINDINGS, SUGGESTIONS, CONCLUSION

FINDINGS

From the study, it is found retired government servants have low rate of financial literacy, despite the fact that they are entered retirement age at that point. Most of them find it hard to find money to save as they don't have surplus money. Also, they earn a low income and have high proportion expense to income, so most of the time they seem to be less motivated to be financially competent.

- The study revealed that only 38% of respondents are financially aware/literate and 62% is not literate.
- The study showed that majority of retired government servants is not financially competent, only 18% of them found to be financially competent.
- The study showed that only 22% of respondents are financially motivated and 78% is not much motivated.
- The study showed that only 30% of respondents are financially confident and 70% is not financially confident.

Finding on level of financial literacy with socio-economic background of respondents

- The study showed that 39 % males are literate and the 33 % females are financially literate. Here we could see that males are more literate than females. But when we compare the total number of male and female respondents with their respective %age of financial literacy, male respondents have low financial literacy, as the number of financial literate males are high in number. It can be concluded that majority of the male retired government employees are not literate so as the female retired government employees.

- The study showed that 38 % of respondents in the age group 37-55 is literate .26 % found to be literate in above 55 years age group. According to the study middle age group respondents are more literate than other group. It is concluded, there is significant difference The in age and level of financial literacy of retired government employees, the majority of retired government employees belong to the age group above 55 are illiterate

- The study showed that 37 % married are literate and 50 % unmarried are financially literate. Here, we could see that majority of respondents are married and only four are unmarried. Add it is noted that marital status of the respondent has no significant impact on level of literacy of the respondent.

- The study showed that 27 % of respondents in low income group is literate and 35 % of respondents in the middle income group is literate. In high income group 6 respondents are to be literate. It is noted that income of the respondent has significant impact on level of financial literacy of the respondent. Persons with high income is found to be more literate than others. And there is low literacy among low income group.

- The study showed that 21 % of respondents in below graduation and 40 % of respondents in graduated group is found to be financially literate. 4 found in 6 above graduation group financially literate. We found that the persons with high education degree, PG are financially literate. And the education group are found less financially literate. It is noted that education of the respondent has significant impact on level of financial literacy.

- The study showed that 68 % respondents in capsule family type and 25 % of respondents staying with parents is found to be financially literate. Only 5 % is found in joint family group to be financially literate. According to the study majority of the respondents are from capsule family and with parent's category. And literacy rate seem to be higher in this category than others.

- The study showed that only 8 % respondents were victims of financial frauds, 36 % know well about it and 34 % have heard of it. 22 % of respondents show interest to know more about financial frauds.

- The study showed that 24 % of retired government employees have savings and investments habit and 76 % don't have stable saving and investment habit .5his unsatisfactory saving is because most of the retired government employees find it hard to find money to save as they don't have surplus money. They basically earn a low income and have high proportion expense to income. Even if they wish to make saving/ investment they have no favorable financial condition.

SUGGESTIONS

The following suggestions are proposed for improving financial literacy:

- There are many online resources to increase financial literacy. Some educational resources provide tutorials that can cover single topics. Many of the cable news networks have websites with a finance tab.
- Begin to read the financial section of your local/regional newspaper and read financial magazines.
- Watch television programs offering financial information. A general rule of thumb is ifit sounds easy to make lots of money quickly, then it's probably an infomercial.
- Social media provides us with an insight on financial literacy.
- Take a financial literacy class at an adult education center, or junior or four-year college, on subjects that will help you learn how to manage your finances. Take a coursethrough an online media. There are also a multitude of self-help books and workbooksthat teach finance and personal money management.
- Read finance and business newspapers like the Business line and The Financial Times.Both provide insight into world of finance and business.
- Start keeping a budget and do have a plan for the extra money.
- Form or join an Investment club .The purpose of an investment club is to learn about investing in stocks and to make a return on investments. This is a long-term commitment for a group of ten to fifteen individuals who want to learn about the stockmarket through investments in stocks.
- A financial calculator performs functions such as calculating loan payments, interest rates, percentages, amortization schedules, and cash flow. They also solve time-value of-money calculations such as annuities, mortgages, leases, and savings.
- Ask For Expert Advice and try to connect with a local CFO firm.
- Don't fall for the tricksters and be aware of the downfalls.
- Open a savings account and teach your kids how to save. Starting to learn about money management when young is key to improving financial literacy as an adult. A nationalcoalition of organizations, tries to improve the financial literacy of K-12 and college students through advocacy, research, standards, and educational resources. Ask questions, read up and make every effort to know money better.

CONCLUSION

Financial literacy provides the knowledge to make financially correct decisions that, impacts our daily lives. Using exploratory research, this study analyzed the financial literacy level. It revealed, in case of retired government servants majority are financially literate. It is concluded that majority of retired government servants are financially literate, competent and confident. And it is found that Financial Motivation is high in case of retired government servants.

The study of financial literacy level and socio economic background of social worker in politics concluded that females are more literate than males, married respondents are more literate than unmarried, middle age group respondents are more literate than other groups, respondents with higher Education are more financially literate and respondents who earn highincome are found more literate. It is also found that majority retired government servantshave stable saving and investment habit. Some other analysis concluded that respondents felt Gender disparity in financial decision making. Most of them responded, males are more competent than females in financial decision making.

So in nutshell Financial literacy programs should be more focused on providing financial education to retired government servants to increase awareness on economic variables like inflation, real income, calculation of interest rate, compound interest etc. If an retired government servants is financially literate, he can easily spread their financial knowledgeto individuals that are at grass root level. This have a positive and enhanced impact on society's financial attitude... Financial literacy can ease an individual's life burdens tremendously. Thus, collective effort should come from Government, Banks, Companies and Educational institutions to improve financial literacy for a better economy. Moreover we the individuals can take initiatives to make ourselves and others financially literate. Making the people financially literate will make them not only empowered but will also facilitate achieving financial inclusion that leads to the development of the nation's financial system? And this enhanced and sound financial system leads our country to be a Developed Nation.

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APPENDIX

SCHEDULE ON FINANCIAL LITERACY

A study on financial literacy in Thazhakkara Grama Panchayath

* Required

1. Email *

2. Gender *

Mark only one oval.

- Male
- Female

3. Marital status *

Mark only one oval.

- single
- married

4. Community Sub Group *

Mark only one oval.

- Autorickshaw Driver/Owner
- Casual Workers
- College Students
- College Teachers
- Drivers/Taxi
- Educated Unemployed

- Electrician/Plumber/Carpenter/Mechanic
- Entrepreneur/Shop owners
- Farmers/Agriculturist
- Government Servants
- Higher Secondary Students
- Health Workers
- Insurance Agents/Bank Employees
- Retired Gonvt Servants
- Retired Private Employees
- Private Employees
- Sales Executives
- School Teachers
- Social Worker in Politics
- Social Worker in Religion/Charity
- Other:

5. If others Please specify

6. Age *

7. Your Highest Education *

8. Annual Income *

9. Phone Number *

10.Residing Ward in Thazhakkara *

Mark only one oval

- Ward 1
- Ward 2
- Ward 3
- Ward 4
- Ward 5
- Ward 6
- Ward 7
- Ward 8
- Ward 9
- Ward 10
- Ward 11
- Ward 12
- Ward 13
- Ward 14
- Ward 15
- Ward 16

- Ward 17
- Ward 18
- Ward 19
- Ward 20
- Ward 21

11. Staying With parents

Mark only one oval

- Yes
- No

12. Staying With parents and grandparents

Mark only one oval.

- Yes
- No

13. Joint family

Mark only one oval.

- Yes
- No

14. Assessment of financial competence / behavior

Mark only one oval per row.

	Heard	Know well	Apply	Want to know more
(1) interest				
(2) Compound interest				
(3) penal interest				
(4) inflation				
(5) Risk diversification				
(6) insurance. (Life insurance)				
(7) Health insurance				
(8) Crop insurance				
(9) vehicle insurance				
(10) Third party insurance				
(11) Other general insurance				
(12) Group insurance				

15. Assessment of financial competence / behavior

Mark only one oval per row.

	Heard	Know well	Apply/ use	Want to know more
(13) Long-term planning of : Expense / income /saving / investment	⬭	⬭	⬭	⬭
(14) financial products and the Risk and return characteristics	⬭	⬭	⬭	⬭
(15) Choosing financial products	⬭	⬭	⬭	⬭
(16) Access to financial products	⬭	⬭	⬭	⬭
(17) Stay informed	⬭	⬭	⬭	⬭

16. Assessment of financial confidence

Mark only one oval per row.

	Heard	Know well	Apply or use	Wants to know more
(18) independent financial decision Made and executed - current	⬭	⬭	⬭	⬭
(19) independent financial decision made and executed - long term	⬭	⬭	⬭	⬭
(20) where to seek help on financial matters	⬭	⬭	⬭	⬭
(21) Regulatory Authority:. (RBI)	⬭	⬭	⬭	⬭
(22) IRDA	⬭	⬭	⬭	⬭
(23) PFRDA	⬭	⬭	⬭	⬭
(24) SEBI	⬭	⬭	⬭	⬭
(25) share brokers service	⬭	⬭	⬭	⬭
(26) financial advisors service	⬭	⬭	⬭	⬭
(27) Managing Debt	⬭	⬭	⬭	⬭
(28) Long term planning for retirement	⬭	⬭	⬭	⬭
(29) confidence in dealing with financial products	⬭	⬭	⬭	⬭
(30) saving and investing wisely (self appraisal	⬭	⬭	⬭	⬭
(31) credit card in your name	⬭	⬭	⬭	⬭
(32) General service offered by the banks	⬭	⬭	⬭	⬭

17. Financial attitude and motivation

Mark only one oval per row.

	Yes	No
(35) Day to day financial management and budgeting		
(36) Numerology related fiance - in hand		
(37) NIFTY / SENSEX regularly watching changes		
(38) knowledge of or exposed to financial fradus		
(A) family budgeting		
(41) Habit of saving		