

**A STUDY ON “FINANCIAL LITERACY IN COMMUNITY SUB
GROUP- AMONG COLLEGE STUDENTS 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 Commerce

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2019-2022

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CERTIFICATE

This is to certify that the project report entitled “A Study on Financial Literacy in community sub group- among College Students In Thazhakkara Panchayath” is a bonafide record of the project done by

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ACKNOWLEDGEMENT

We would like acknowledge our indebtedness to all those who have assisted and encouraged us in the preparation of this project report.

First of all we are highly indebted to **Dr. Varughese Anie Kurien, Department of Commerce** for his inspiring guidance throughout the work. We extend our gratitude to **Dr.Sajeeve V P, Head of the Department**, for his continuous encouragement during the course of the project work.

We would like to express our deep sense of gratitude to our respected **Principal, Dr Jacob Chandy** who has always been a great support to us.

We thankfully remember the college students, Thazhakkara Panchayath for their unstinted support and co-operation.

Last but not least, our grateful appreciation is also extended to our parents and friends who have constantly supported us throughout the project work.

Our cordial thanks goes to all those who have helped us directly and indirectly in the successful completion of this project.

Above all, without the Grace of God we wouldn't have done and complete the project.

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DECLARATION

We, **KEZIYA MATHAI, JEFFY ANNA JOE, AISWARYA VINOD, ABHIJITH S** sixth semester B.Com students of BISHOP MOORE COLLEGE, MAVELIKARA, (University of Kerala) do here by declare that the project work entitled, **“a study on financial literacy in community sub groups -among college students in Thazakkara panchayath”** under the guidance of **Dr. Varughese Annie Kurien**, 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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CHAPTER 1

INTRODUCTION

INTRODUCTION

Financial literacy is the ability to manage one's money. The goal of financial literacy is to help in understanding financial concepts that will help them to manage their money better. It is a life skill that one must grasp for good financial wellbeing. Financial literacy includes budgeting, investing, insurance, and loans and interest. Finance is the management of money. It includes activities like savings, investing, borrowing, lending, budgeting, and forecasting. Finance has three main categories, namely personal finance, corporate finance, and public finance.

Personal finance is specific to an individual and includes banking, purchase of financial products like credit cards, loans, insurance etc. Corporate finance includes activities related to running a business. Like the issue of stocks and bonds and also includes welfare of the public. The fiscal policies that the government drafts also comes under public finance. Education is an important part of our everyday life. It has been available for people in various business, social and economic areas since ancient times. Therefore, adequate attention has to be given to this important issue. At present, in consequence of the dynamically developing society there take place both internal and external changes which companies must respond and adapt to in all the different areas of life, including education, if they want to survive. Financial education is an important type of education. People come into contact and deal with the world of finance on a daily basis. Financial education is becoming a key aspect in decision making on all the issues related to our day-to-day life. The ability to understand financial products offered in a variety of forms or financial behaviour itself both reflects the financial literacy of each of us. The low level of financial literacy is a worldwide problem, and it is more than appropriate that such an in-depth study of this issue be performed.

Everyone has to make financial decisions sometime in their lives. Thus, the ability to manage personal finances has become increasingly important in today's world. Personal financing planning is the process of planning one's spending, financing and investing so as to optimize one's financial situation and specifies one's financial aims and objectives. Due to rapid growth in Indian economy over the last decade and expansion of financial markets through liberalization, privatization and globalization given a way to overabundance of financial products in both banking, investment and loan products. Low level of financial

literacy thwarts individuals from creating diligent choices regarding financial decisions. To accomplish the objectives, individual must capitalize his/her savings in right investment alternatives. In depth knowledge of financial literacy is required to understand how money works and how it can work for an individual by investing in profitable areas like stock market or money market. Most of the financial consumers lack the ability to choose and manage a credit card efficiently and lack of financial literacy education is responsible for lack of money management skills and financial planning for business and retirement. In developing countries provision of financial literacy could be treated as first step towards poverty alleviation and development. In India it is although more important because of large section of population especially in rural areas which are deprived of formal financial setup. The policy holders makers and academicians world over through various ongoing projects, studies- academic and empirical, reports etc. have highlighted the importance of financial literacy as a core skill necessary for participants operating in complex financial landscape. The existence of large number of financial literate participants, investors and borrowers enhances efficiency of financial intermediation by letting them understand risk pooling and risk sharing opportunities in a better way.

Financial literacy is utmost important for an individual operating in a complete financial frame work. The structure and operation of financial market system have world over had changed undergone marked in past few decades. In India ‘project financial literacy’ was started by RBI with the aim of disseminating information regarding the central bank and general banking concepts to various target groups. Educated investors are said to be protected investors. This shows the importance of financial education. If educated one can save his funds and escape from various illiteracy traps such as debt traps, fraudulent intermediaries etc. then we could raise the standard of living of uneducated by educating them. This will save a lot of individual cost.

Kerala, being one of the most literate states in India also faces the problem of financial illiteracy. A step towards financial literacy is also a step towards reducing poverty, alleviating standard of living and increasing financial stability of economy. Thus, financial literacy have a lot more to do with the development of the country.

STATEMENT OF THE PROBLEM

Financial literacy helps in effective money management, Making decisions and achieving financial stability. Most people lack understanding of financial products, service available, the working of the economy and financial system. This create failure in their life and they are unable to take effective decisions to secure their life with safety. Lack of Financial literacy causes many people to become victims of predatory lending, fraud, and High interest burden , potentially resulting in bankruptcy. The study focuses on measuring financial literacy, financial competence, financial confidence and financial motivation among College Students in THAZHAKARA PANCHAYATH.

It is observed that the college students do not have adequate knowledge to take wise financial decisions and 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 college students. 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.

OBJECTIVES

1. To ascertain the financial awareness among regarding concepts such as Interest, Compound interest, penal interest, Inflation, Risk diversification and different types of Insurance.
2. To study about the financial literacy and its importance.
3. To ascertain the influence of demographic factors like Gender, Age, Marital status, Income, Educational qualification, Family type of respondents.
4. To assess the financial confidence of college students.
5. To assess the financial competency of college students.
6. To assess the financial motivation of college students.
7. To suggest measures to improve financial literacy among college students.

SCOPE OF THE STUDY

The present study is restricted to the evaluation of financial literacy, financial competency, financial confidence, and financial motivation among community subgroup of college students from 21 wards of Thazhakkara Panchayath in Mavelikara Taluk.

SIGNIFICANCE OF THE STUDY

Financial literacy is important because it equips one with the knowledge and skills we need to manage money effectively. Without it, our financial decisions and the actions we take or don't take lack a solid foundation for success. Due to an increasingly complex marketplace, people need greater knowledge about their personal finances and the economy as well as "real-life skills" (e.g., budgeting, reducing debt, paying interest, savings, investments etc.) Financially literate one can manage money with confidence which means effectively allocating earnings to goals and limiting or attacking debts.

If a College Students is financially literate, this can have a positive impact on society's financial behavior. Financial literacy are important to help college students better to understand the functioning of the financial services offered by the Bank and teach them successful strategies regarding the management and marketing of their produce. And this enhance level of society also. Financial literacy can ease an individual's life burdens tremendously. All these small aspects will enhance the financial system of our nation. And this enhanced and sound financial system leads our country to be an Economically Developed Nation.

METHODOLOGY

The study will be descriptive of explanatory in nature.

SOURCES OF DATA

Primary data is collected using interview schedule through google form. The investigator personally visited the houses of the respondents for collecting data. A copy of schedule is appended as Annexure 1. The secondary data are collected from internet, magazines, books, etc. In this project, the primary data are collected through questionnaires. The secondary data was only used for theoretical.

SAMPLING DESIGN

The convenience sampling method is used to collect primary data. In this project the respondents to be surveyed are college students in Thazhakkara Panchayat in Mavelikara, Alappuzha district in Kerala.

SAMPLING SIZE

Sampling survey is limited to 50 college students in Thazhakkara Panchayath.

PERIOD OF THE STUDY

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

TOOLS FOR ANALYSIS OF DATA

We used Ms Office Excel to analyze and obtain Charts and diagrams. The following tools were used for analyzing the collected data:

- i. Percentage Analysis
- ii. Table
- iii. Bar Diagram
- iv. Pie Chart

OPERATIONAL DEFINITION

- 1. College students** – an individual who is a full-time or a part-time student attending an institution of higher education.
- 2. Financial Literate** - A 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.
- 3. Financial Competency** – A person is considered to be financial competent if his/her answer to the questions 13 to 17 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.

4. **Financial Confident** – A person is considered to be financially confident if answers to three questions from 18 to 24 and is apply /use or know well and similarly know well for any of the questions from 25 to 32. 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).

5. **Financially motivated** - A person is considered to be financially motivated if answers to any three questions from 35 to 41 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.

LIMITATIONS OF THE STUDY

- The size of the sample took is relatively smaller.
- As bigger sample it would probably enhance the reliability of research.
- Some of the respondents hesitated to speak on their actual financial position as their earning is unsatisfactory.
- Time period is another constraint in the study.
- The opinion of the respondents may be blasted.
- Personal questions on income, savings, expenses, investment, habits, attitude, etc.. may have been affected by emotions of respondents.

CHAPTERISATION

The study divided into four chapters:

Chapter 1- Introduction

Chapter 2- Review Of Literature

Chapter 3- Theoretical Framework

Chapter 4- Data Analysis and Interpretation

Chapter 5- Findings, Suggestions, and

Conclusion

Bibliography

Annexure

CHAPTER 2
REVIEW OF LITERATURE

REVIEW OF LITERATURE

1. In a survey by **Annamaria Lusardi and Olivia S Mitchell (2007)** on financial literacy, it was found that people in developed countries were uninformed of financial products and functions. Women and people with low income and education were especially financially illiterate and more prone to economic hardships. This study also pounds that financial education went a long Way in planning for retirement savings. This study also emphasised that only a meagre number Of individuals attended seminars on retirement planning.
2. **Chiara Monticone (2010)** in his thesis on financial literacy and financial advice among Italian households indicated That lower levels of literacy reflected on the level of their financial holdings. This finding falls in line with Lusardi and Mitchell, (2007a) which found that a basic knowledge of financial principles has proven to be fundamental for the accumulation of retirement savings. The role of financial Literacy and the demand for financial advice was also investigated in this study. It was found that individuals with higher financial literacy are in the better probability of consulting with a financial advisor as opposed to making investments without consulting any professional. Thus, it was found that there was a positive association between financial literacy and preference for financial advisors over informal sources.
3. **Annamaria Lusardi (2012)** studied financial decision making in older adults. The research showed that these older adults have low financial literacy levels and thus immediate alteration Of the level of financial literacy among these individuals is of prime importance. Financial illiteracy was widespread particularly among older women and men. Gender differences in Financial literacy were found even in older adults. Older females had lower Financial literacy levels than older males. Older adults need to ensure they have enough savings and wealth that would last until the end of life as these individuals are faced with limited options to accumulate wealth and they may not return to work. Risk through frauds and scams and poor behaviour in asset and debt management was also an issue among older individuals. Thus, these problems are needed to be addressed to ensure financial security in later part of their life.

4. **Jason West (2012)** on reviewing literature opined that there is very less evidence to show a causal link between Education, financial literacy and financial behaviour. The study by the researcher revealed that although an individual may have high levels of financial literacy, this might not always result in good financial behaviour. The reason for this is the fact that individuals through life are exposed to various psychological biases. The researcher also went on to propose that the various financial products on offer to the consumers must be altered in order to protect these consumers from the complexities that arise from these products which can lead to be confusing and ambiguous.
5. **The United Nations Development Programme (2012)** New Delhi, compiled a report based on the studies undertaken under financial Inclusion Project of UNDP from the discussions on UNDP supported microfinance community of practice, solution exchange. The seven Indian states. The purpose of the study was to examine financial literacy as a tool for financial inclusion and client protection. The study observed that from 2005 the Reserve Bank of India considered financial inclusion as a policy priority. They were striving to create a 26 more favourable environment by introducing no frill accounts, overdraft facility, relaxed KYC norms, using intermediaries for business correspondence and business facilitators. There was notable success in those efforts. Other measures such as Kisaan Credit cards, liberal bank branch expansions, allowing Regional Rural Banks and co-operative banks to sell Insurance and other financial products and use of mobile banking were also introduced. Despite such positive measures, financial literacy seemed to be a primary requirement to ensure better financial inclusion in the country. Therefore the study focused on the efficacy of financial literacy as a tool towards financial inclusion and thereby to improve the services of the underprivileged and economically excluded needy and the poor.
6. **Marzieh Kalentarie et al (2013)** evaluated the relationship between financial literacy, financial well-being and financial concerns. Demographic characteristics like age, gender, marital status, education level etc. were studied and its role on how they would impact financial literacy, financial well-being and financial concern was investigated. By using correlation, T test and regression; the results revealed that there was a positive relationship between age and gender with variables of financial well-being and financial literacy. Education was found top positively impact financial well-being and financial literacy. It was also found that,

higher level of financial well-being was followed by good level financial literacy and that, higher financial literacy led to less financial concerns.

7. **Sumit Kumar and Md.Anees (2013)** reviewed the various aspects of financial literacy and education in India. The determinants of financial literacy were identified by the study and the role of regulatory authorities in the creation of avenues to increase financial education in India was reviewed. The need for education that has the capacity to enhance the financial literacy of individuals in India was emphasised and it was concluded that sociological factors also played a part in influencing the current levels of knowledge acquired. The authors acknowledged that targeting young investors would be a useful strategy in improving financial well-being overall.
8. **Alfonso Arellana (2014)** used data from the programme for International Student-Assessment (PISA) financial literacy (2012) report conducted by OECD for their study. The study was focused across young people in Spain. They analyzed if self-confidence affects financial abilities of these young people through financial literacy. The study investigates the impact of non-cognitive factors on financial literacy. The results indicated people having higher level of financial literacy had higher levels of self-confidence. It was found personal attitudes also influence financial behaviour patterns. Self-confidence was found to improve financial well-being; however, it was found that, excessive confidence would lead to a loss of well-being. Self-confidence was analyzed in four dimensions - first the student's self confidence in their study environment, second self-confidence referring to the utility found at school, third self confidence in relation to the results from the financial literacy test and last self confidence in a broader sense. Ultimately 59 it was concluded that factors such as maturity, gender, socio-economic characteristics and the surroundings influence financial literacy beyond an individual's interest characteristics.
9. **Colleen Tokar Asaad (2015)** explored how financial decisions are affected by financial literacy comprising of –actual financial knowledge and perceived financial confidence. A logistic regression analysis was performed by studying used data from FINRA Survey in USA. The results showed that individuals with high knowledge and confidence took good decisions when compared to individuals with low knowledge and confidence levels. It was ascertained that self-perceived knowledge was an important component of financial literacy. Over confident

individuals were found to engage themselves in more risky financial behaviours. Based on these findings the researcher suggested that in order to improve financial literacy, initiatives should focus not only on factual knowledge but also on improving the self-confidence of the individual.

10. Riitsalu, L. and Põder, K. (2016) aimed to analyse the factors behind the differences in financial literacy when financial education was not provided. The study also aimed to analyse how students in spite of being in similar education systems get different financial scores because of different cultural and language backgrounds. The results concluded that there are several dimensions involved in the student's family background that could impact on their financial literacy scores apart from the usual parental education or occupation based socio-economic indicators. The study also revealed through multivariate regression models, that the level of financial literacy in Estonia correlated with gender, language of the school, the number of books at home, mathematics and reading scores.

11. Desdemona C A (2018) identified the demographic characteristics which can affect the level of financial literacy. The study was conducted among individuals living in Puducherry, India. The study found that significantly lesser number of respondents had a low level of financial literacy, whereas a majority of the respondents had an average level of financial literacy. Based on regression analysis it was concluded nuclear family who are either self-employed or salaried with a maximum of three financial dependents had high levels of financial literacy. Factors such as gender, marital status, work status, level of education had an impact on the level of financial literacy the level of financial literacy.

12. Kiliyanni and Sivaraman (2016) attempted to measure level of financial literacy among the educated young adults in Kerala. Their studies reveal that only 44 percent young adults answered the questions correctly so that financial literacy among them is low. Study observed the perception-reality gap in financial literacy among the young adults in Kerala. The study found that gender, marital status, age, religion, education, the discipline of study, occupation, work experience, income, and parents' education and their occupation.

13. Srivastava (2018) found that financial inclusion, general literacy and financial literacy are highly correlated. Factors like age, gender, religion, education level influence the level of financial literacy. Financial inclusion, literacy and financial

literacy play an important role in improving county's economic growth an influence on financial literacy.

- 14. Mohammad Fazli Sabri & Maurice MacDonald (2010)** conducted a study on college students in Malaysia revealed that students who had higher financial knowledge test scores were more likely to report savings behavior and also reported fewer financial problems. Further, financial experience before college may create bad habits or poor attitudes toward financial management that could be mitigated through financial education during college.
- 15. Lusardi, Mitchell & Curto (2010)** financial literacy was examined among individuals who showed that the financial literacy is low and less than one third of the young adult possess the basic knowledge of interest rates, inflation and risk Diversification. Financial literacy was strongly related to socio demographic characteristics and family financial sophistication.
- 16. Ronald A. Sages, John E. Grable(2010)** are found that the individuals who have the lowest level of financial risk tolerance are the least competent in terms of financial matters, have the lowest subjective evaluation of net worth and are less satisfied with their financial management skills. The level of financial risk tolerance of the individuals determines the financial behavior.

CHAPTER 3
THEROTICAL FRAMEWORK

INTRODUCTION

Financial literacy is the education and understanding of knowing how money is made, spent, and saved, as well as the skills and ability to use financial resources to make decisions. These decisions include how to generate, invest, spend, and save money.

MEANING

Financial literacy is the possession of the set of skills and that allows an individual to make informed and effective decisions with all their financial resources. It is the education and understanding of knowing how money is made, spent, and saved, as well as the skills and ability to use financial resources to make decisions. These decisions include how to generate, invest, spend, and save money. A financially literate person know much better to put his hard earn money to gain maximum returns. Understanding basic financial concepts allows people to know how to navigate in the financial system. People with appropriate financial literacy training make better financial decisions and manage money better than those without such training.

CONCEPT OF FINANCIAL LITERACY

Financial literacy is mainly related with decisions related to personal financial matters. But with the economic and market growth financial literacy has gained much more importance. To know where to invest and how to increase and safeguard our savings financial literacy is a must. A financially literate person know much better to put his hard earn money to gain maximum returns. The dimensions are financial awareness/knowledge, financial behavior and financial attitude. The concept of financial literacy is very complicated, and it is important to understand it fully. Financial choices will get effected due to illiteracy but its nature and expression will change with the situation. Less awareness about financial products and services and their risk return framework is one common factor of financial illiteracy that is widely observed.

COMPONENTS OF FINANCIAL LITERACY

Financial literacy consists of several financial components and skills that allow an individual to gain knowledge regarding the effective management of money and debt.

Below are the fundamental components of financial literacy that should be learned.

1. Budgeting

In budgeting, there are four main uses for money that determine a budget: spending, investing, saving, and giving away.

Creating the right balance throughout the primary uses of money allows individuals to better allocate their income, resulting in financial security and prosperity.

In general, a budget should be composed in a way that pays off all existing debt while leaving money aside for saving and making beneficial investments.

3. Investing

To become financially literate, an individual must learn about key components in regards to investing. Some of the components that should be learned to ensure favorable investments are interest rates, price levels, diversification, risk mitigation, and indexes.

Learning about crucial investment components allows individuals to make smarter financial decisions that may result in an increased inflow of income.

3. Borrowing

In most cases, almost every individual is required to borrow money at one point in their life. To ensure borrowing is done effectively, an understanding of interest rates, compound interest, time value of money, payment periods, and loan structure is crucial.

If the criteria above are understood sufficiently, an individual's financial literacy will increase, which will provide practical borrowing guidelines and reduce longterm financial stress.

4. Taxation

Gaining knowledge about the different forms of taxation and how they impact an individual's net income is crucial for obtaining financial literacy. Whether it be

employment, investment, rental, inheritance, or unexpected, each source of income is taxed differently.

Awareness of the different income tax rates permits economic stability and increases financial performance through income management.

5. Personal Financial Management

The most important criteria, personal financial management, includes an entire mix of all of the components listed above.

Financial security is ensured by balancing the mix of financial components above to solidify and increase investments and savings while reducing borrowing and debt.

Achieving an in-depth knowledge of the financial components discussed above guarantees an increase in an individual's financial literacy.

FINANCIAL KNOWLEDGE

Financial knowledge is considered as the first and the most important dimension of financial literacy. Financial knowledge pertains to understanding of various financial concepts and applying it in real life situations thereby making informed financial choices. Financial knowledge relates to basic financial concepts which a person would use in daily life like simple interest calculation, compounding or inflation etc. and sophisticated financial concepts which though not commonly used daily by all, is still a requisite such as diversification, stocks, bonds, or mutual funds etc., to enable good financial planning and decision making. This section presents review of various studies on financial knowledge. It is to be noted that many researchers who studied financial knowledge used the word 'financial literacy' instead of 'financial knowledge'. However though it may be confusing, the review of literature in the present study uses only the actual words used by the researchers in their respective studies. Huston and Potrich (2010), Vieira and Kirch (2014) found that close to 47%, i.e., almost half of the studies on financial literacy used 'financial knowledge' and 'financial literacy' interchangeably.

IMPACTS ON FINANCIAL LITERACY

Empowering individuals with the knowledge of financial literacy will have a dramatic impact on societies and entire nations. The impact of financial literacy can no longer be ignored. It is up to policy makers, educators and people with sufficient private equity, to make financial literacy a priority in our society. As awareness spreads and people make their voices heard, the impact of this skill set will no longer be overlooked. Education in financial literacy will become ubiquitous and these critical life skills will become the norm. The positive impact of financial literacy is undeniable and the sooner this movement spreads, the better off everyone will be. The impact of financial literacy involves real behavior changes regarding financial matters that set people up for financially stable and secure lives.

DEFINITIONS

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”.

The OECD INFE has define financial literacy has follows: “a combination of awareness, knowledge, skill, attitude, and behavior necessary to make sound financial decisions and ultimately achieve individual financial wellbeing”.

“Financial literacy is a combination of financial knowledge, skills, attitudes and behaviors necessary to make sound financial decisions, based on personal circumstances, to improve financial wellbeing” (Australian Securities and Investments Commission).

“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 everchanging 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)

“A level of financial knowledge and skills that enables individuals to identify the fundamental financial information required to make their conscious and prudent decisions; and after the acquisition of identified data allows them to interpret said data, make decisions on their basis, all the while assessing potential future financial and other consequences of their decisions.” (National Bank of Hungary, 2008).

“The ability to read, analyze, manage, and communicate about the personal financial conditions that affect material well-being.” (National Endowment for Financial Education).

According to Murray (2010) “It is a set of capabilities such as general literacy, problem solving ability, applied to personal finance. Financial literacy is relative in the sense that it is specific to socioeconomic conditions of the people and is linked to their specific problems such as exclusion. “

Atkinson and Messy (2011) define Financial literacy as “A combination of awareness, knowledge, skills, attitude and behaviors necessary to make sound financial decisions and ultimately achieve individual financial wellbeing. “ “Familiarity with basic economic principles, knowledge about the U. S economy, and understanding of some key economic terms”. (National Council on Economic Education).

“The ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being”.

(President’s Advisory Council)

“Meaning-making process in which individuals use a combination of skills, resources and contextual knowledge to process information and make-decisions with knowledge of the financial consequences of that decision”.

(Manson and Wilson, 2000).

“Providing familiarity with and understanding of financial market products, especially rewards and risks, in order to making informed choices”.

(Reserve Bank of India)

Experts Speak on the Importance of Financial Literacy

“Financial literacy is just as important in life as the other basics.”

-John W. Rogers, Jr., CEO Ariel Capital Management

“The good news, though, is that all of us can improve the security of our futures through financial literacy. With a better understanding of the basics of finance—how to save, budget and invest—we can increase both our earning potential and our prospects for a solid financial future.”

-Reba Dominski, President of U.S. Bank Foundation

“Financial literacy is the end result of the financial education process. When students are financially literate they can make informed financial decisions that can aid in improving their well-being.”

-Paul Goebel, Director, Student Money Management Center at the University of North Texas

“It’s empowering people to have a successful life. My quote has always been ‘knowledge is power,’ the more you know the better off you’re going to be. And financial literacy, to me, is giving financial tools to financially empower individuals so that they can create a better financial life for themselves.”

-Cherry Dale, Director of Financial Education, Virginia Credit Union

“Financial literacy to me is just the understanding of various financial concepts and how they can interplay with your life. So understanding what various terms are in the financial world and how they might apply to your life. The big thing for us has always been just taking this a step further and applying financial wellness to it. So understanding—once you know these concepts—how they can lead to different behavior changes on yourself and that’s where we start getting into the wellness territory.”

-Phil Schuman, Director, Money Smarts Program at Indiana University

“To me, financial literacy is having an in-depth knowledge of your own personal finances and the impact of your decisions on your financial stability. Because one of the things that we learn very quickly is students and even their parents have a

basic financial literacy knowledge...one of the things that we work on is understanding how your behaviors impact that. Most people are financially literate, but they're making decisions that are detrimental in the long-term by having short-term gratification.”

-Dameion Lovett, Campus Director and Overseer, Financial Education Program at the University of South Florida

“We empower students for financial success by providing financial literacy information, resources, and programs. We believe that financial literacy is an appreciation of the long-term benefits of financial literacy and economic education. It's not something that should be taken lightly—it's something that's very real and transferrable for any socioeconomic background. We believe that it's a tool that's necessary for success later in life. And it's not just budgeting and saving—it's life skills.”

-Latoya Goree, Director, Office of Financial Literacy at UMKC

“When working with adolescents, I usually focus on personal finance through the lens of behavioral economics and the overarching psychology of the human experience. Awareness and knowledge are critical, but transformative financial literacy requires skills developed through application, failure, experience, growth, and practice (lots of practice). In the end, to me, financial literacy is the ability to successfully navigate our predatory consumeristic society with sufficient financial resources to support our individual definitions of well-being.”

-Travis Cook, Education Specialist, Utah State Board of Education

“Financial literacy, especially for students, includes knowing what your resources are, so if you don't understand something, you know who to ask. Also, knowing that the decisions that you are making now—no matter what stage of your life you're in or how small the decision—are going to affect you in some way financially in the future. Finally, understanding what the practical impacts of those decisions are is also a key component to financial literacy.”

-Laura Zamborsky, Coordinator, Savvy Seawolf Program at the University of Alaska Anchorage

IMPORTANCE

India comprises 20 percent of the world's population, yet only 24 percent of the Indian population is financially literate. In the present times, it is imperative to include financial literacy subject in the education system. In a rapidly changing global environment, financial literacy is one of the most undermined skills that could determine the countries' future. On a macro-level, governments have expert analysts to manage and predict the financial future of the countries while studying the changing geopolitical relationships. However, the need is arising to include financial literacy in the micro-levels of the economy. The COVID-19 pandemic has further amplified the need for financial education to accelerate the economy's growth. The pandemic left millions jobless in a matter of months, with ever-increasing bills to pay. The economy is slowly getting back on track, and investments are increasing in the retail sector, but the looming threat of lack of financial literacy could have long-lasting consequences.

1. Significant role for financial inclusion and consumer protection:

Financial Literacy plays a crucial role for financial inclusion and consumer protection. Dr K C Chakrabarty, Deputy Governor of the Reserve Bank of India in 2013 remarked that financial inclusion and consumer protection are the two sides of the same coin financial literacy until and unless each and everyone is not financially literate targets cannot be achieved. Involvement in Financial Market: At the individual level an individual having knowledge of different financial avenues available in the market financially literate have an active involvement in the financial market.

2. Understanding governmental financial policies:

A financially literate person can understand the governmental financial policies more wise and in a more efficient manner which is also an important factor for financial literacy.

3. Cope up with cyclical changes of market:

A person well versed with the basic knowledge regarding the financial market and financial instruments available in the market having basic financial knowledge of the markets will tackle with the cyclical changes in the market more effectively.

4. Aware about various sources of finance:

One of the foremost importance of financial literacy is a financially literate person has the knowledge about both the traditional as well as the modern investment avenues in which he can wisely invest money.

BENEFITS

Being financially literate is a skill that brings forth an assortment of benefits that can improve the standard of living for individuals through an increase in financial stability.

Listed below are the assortment of benefits of being financially literate:

- ❖ Ability to make better financial decisions
- ❖ Effective management of money and debt
- ❖ Greater equipped to reach financial goals
- ❖ Reduction of expenses through better regulation
- ❖ Less financial stress and anxiety Increase in ethical decision-making when selecting insurance, loans, investments, and using a credit card
- ❖ Effective creation of a structured budget

Making steps to becoming financially literate is an important component of life that can ensure financial solidity, reduce anxiety, and stimulate the achievement of financial goals.

FINANCIAL LITERACY IN WORLD SCENARIO

Worldwide, just 1-in-3 adults show an understanding of basic financial concepts. Although financial literacy is higher among the wealthy, well educated, and those who use financial services, it is clear that billions of people are unprepared to deal with rapid changes in the financial landscape. Credit products, many of which carry high interest rates and complex terms, are becoming more readily available.

Governments are pushing to increase financial inclusion by boosting access to bank accounts and other financial services but, unless people have the necessary financial skills, these opportunities can easily lead to high debt, mortgage defaults, or insolvency. This is especially true for women, the poor, and the less educated—all of whom suffer from low

financial literacy and are frequently the target of government programs to expand financial inclusion. Financial literacy challenges confront developing economies and advanced economies alike. In China, for example, credit card ownership has doubled since 2011 to 16 percent yet only half of credit card owners can perform simple calculations related to interest. Credit cards are more established in the United States, where they are used by 60 percent of adults. But there, too, understanding of related financial concepts is rather low: just 57 percent of credit card owners correctly answer the interest question.

A retirement crisis looms in Europe as governments slash public pensions and call on their citizens to take a bigger role in retirement planning. They are not prepared. The continent is plagued by chronic under-saving for old age, especially in the East, and older adults lack the financial skills needed to deal with the economic challenges of retirement. The numbers in the EU as a whole are hardly more encouraging: Just 47 percent of those who do not save for old age show understanding of basic financial concepts. Given these risks, policymakers should build strong consumer protection regimes to safeguard citizens from financial abuse and provide a smooth market environment. A research review by a team of World Bank experts found the targeted financial literacy programs that are focused on specific behaviors and populations can lead to smarter financial decisions (Miller et al., 2014). Researchers have also found that financially savvy adults are, in general, less likely to default on loans and more likely to save for retirement (Lusardi and Mitchell, 2014). Because of this, policymakers should consider providing specific financial literacy training to vulnerable groups, such as women, the poor and adult approaching retirement.

In the current scenario, Financial Literacy has become one of the top main concern for most of the world today as it is directly related to the economic growth of a country. It is alarming to know that the financial literacy rate in India is way behind than other developing and developed countries. AS per a global survey, India is home to almost 20% of the world's population, but unfortunately, 76% of its adult population is not even responsive to the basic terms of financial concepts. The survey reports that Financial Literacy in India has been signification poor as compared to the rest of the world. According to the World Bank's Global Findex database, India has now more than 180 billion accounts. But almost 4550% of the bank accounts have seen no transactions in the last two years. The right measure of financial inclusion is not its access, but its regular usage. For making successful use of financial services, people need to be literate enough to understand the basics of managing money. This skill is known as financial literacy. IN the United States

of America, financial literacy was initiated way back in 1908 by the American Credit Union Movement. In 1957, financial education was made mandatory by the state of Nevada and then other states followed. Australia also provides financial literacy education through customized programs. Singapore and Indonesia are among few of the Asian countries who have started this initiative and have taken the first step towards Financial Literacy.

FINANCIAL LITERACY IN INDIAN SCENARIO

In India, Financial Literacy has still not become a priority like other developed nations. Lack of basic financial knowledge results in poor investments and financial decisions. That's why most people invest in short-term plans and physical assets to accomplish their personal goals which give lesser benefits and do not help in the economic development of the country. According to a global survey, about 76% of Indian adults do not understand basic financial concepts and are unfortunately financially illiterate even today. The survey confirms the financial literacy rate in India has been consistently poor as compared to the rest of the world. It is indeed high time for a developing country like India to realize the importance of financial literacy as such a poor financial literacy rate can prove to be a major setback to India's ambition of becoming an economic superpower in the coming years.

Financial Literacy has become one of the topmost priorities for most of the nation's today as understanding basic financial concepts allows people to manage their wealth in a more organized way which in turn helps in the economic growth of the nation. It is proved that people with appropriate financial education and knowledge make better financial planning and make the most of the available financial resources for maximum benefit.

Various Initiatives by different Authorities

Some of the greatest initiatives taken in India in the field of Financial Literacy are:

RBI's initiatives on Financial Education

The Reserve Bank of India has undertaken a project titled "Project Financial Literacy". The objective of the project is to spread information regarding the central bank and general banking concepts to various target groups, including, school and college-going children, women, rural and urban poor, defense personnel and senior citizens. The project predicts a multipronged approach. The project has been designed to be implemented in two

modules, one module focusing on the economy, Reserve Bank and its activities, and the other module on general banking. The material will be created in English, Hindi, and regional languages. It would be disseminated to the target audience with the help, among others, of banks, local government machinery, schools and colleges through presentations, pamphlets, brochures, films, as also, through the Bank's website.

The Reserve Bank has released on its website on January 31, 2013, a comprehensive Financial Literacy Guide, which, banks have been advised to use as a standard curriculum to impart a basic conceptual understanding of financial products and services. The financial literacy guide consists of Guidance Note for trainers, Operational guidelines for the conduct of financial literacy camps, and financial literacy material, including posters. The guide also contains a financial diary to be distributed to the target audience, so as to enable them to keep a record of their income and expenses, as the first step towards financial planning (RBI's several policies to improve financial literacy 2011).

The Bank has also created a link on its web site for the common person to give him the ease of access to information, in 13 regional languages, which he can use in his dealings with banks.

Initiatives by SEBI for Empowering Investors

The securities exchange board of India (SEBI) which is the regulatory body for the securities market has been established to protect the interest of investors. SEBI is a very active regulatory body in terms of financial literacy. It is also running a campaign called securities market awareness campaign (SMAC). The motto of the campaign is "an educated investor is a protected investor". This campaign was launched in the year 2003 and the objective of this campaign is to disseminate a message of —Invest with knowledge. SEBI conducts various workshops across the country. To date, it has organized more than 2188 workshops in more than 500 cities.

SEBI conducts investors' education & awareness programs in which experts from the financial market provide knowledge for investing wisely to investors. SEBI has prepared its own standard reading material and presentation material for the workshop in English, Hindi and regional language. In part of educating investors, SEBI officials also take active participation in programs aired on all India radio. SEBI also uses television to promote its message for investors. SEBI uses print media to educate investors. It has prepared Do's and don'ts lists for investors related to the securities market. According to

SEBI data, over 700 advertisements related to investor's education have been published in more than 48 different newspapers, magazines in approximately 111 cities in English, Hindi and regional language. A website dedicated to investors has been prepared by SEBI at which all information has been given.

A fund called, Securities and exchange board of India (investors protection and education fund) regulation 2009, has been created by the contribution made by the board, grants by central, state government, etc. This fund will be utilized for the purpose of protection of investors and promotion of investor education and awareness, under this notification fund will be used for seminars, training, research, and publication for investor, awareness programs through media i.e. print and electronic, funding of investor's investing and awareness programs of investors association approved by SEBI. Besides this, SEBI has also prepared material for school and college students, households especially the middle class and retired people, etc.

IRDA'S Initiatives on Financial Education

Insurance Regulatory and Development Authority has taken various initiatives in the area of financial literacy. Awareness programs have been conducted on television and radio and simple messages about the rights and duties of policyholders, channels available for dispute redressal, etc. have been disseminated through television and radio as well as the print media through sustained campaigns in English, Hindi and 11 other Indian languages. IRDA conducts an annual seminar on policyholder protection and welfare and also partially sponsors seminars on insurance by consumer bodies. IRDA has got a pan India survey on awareness levels about insurance carried out through the NCAER in a bid to improve on its strategy of creating insurance awareness. IRDA has also brought out publications of Policyholder Handbooks as well as a comic book series on insurance. IRDA's Integrated Grievance Management System (IGMS) creates a central repository of grievances across the country and provides for various analyses of data indicative of areas of concern to the insurance policyholder.

PFRDA Initiatives on Financial Education

The Pension Fund Regulatory and Development Authority (PFRDA), India's youngest regulator has been engaged in spreading social security messages to the public. PFRDA has developed FAQ on pension-related topics on its web and has been associated with various non-government organizations in India in taking the pension services to the

disadvantaged community. PFRDA 's initiatives have become more broad-based with direct mass publicity on NPS – both as an individual model through POPs and group models through Aggregators. PFRDA has issued advertisements in print media and electronic media through radio and television. PFRDA appointed intermediaries are called Aggregators who are directly responsible for pension awareness mostly in vernacular languages and in line with socio-economic sensibilities.

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 percent) highest level in financial attitude followed by Kerala (85 percent). Puducherry (48 percent) 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 percent 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 percent) highest level in financial behavior followed by Tamil Nadu (69 percent). Puducherry (55 percent) 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 percent) highest level in financial knowledge followed by Tamil Nadu (46 percent). Lakshadweep scored (24 percent) 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 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 percent) highest level in financial attitude followed by Kerala (85 percent). Puducherry (48 percent) 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 percent 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 percent) highest level in financial behavior followed by Tamil Nadu (69 percent). Puducherry (55 percent) 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 percent) highest level in financial knowledge followed by Tamil Nadu (46 percent). Lakshadweep scored (24 percent) 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 percent males.

THAZHAKKARA PANCHAYATH

Thazhakkara is a village in Alappuzha district in the Indian state of Kerala. Thazhakkara is one among the five Villages in Mavelikkara Taluk in Alappuzha District. Justice C.T.Ravikumar, Judge of Supreme Court of India is a native of Thazhakkara. As of 2001 India census, Thazhakkara had a population of 35,126 with 16,780 males and 18,346 females. Thazhakkara Panchayat has 21 wards. They are Thazhakkara A, Thazhakkara B, Vazhuvadi, Kunnam, Kunnam H.S, Kochalummoode, Mankamkuzhi Town, Erattapallikoodam, Kallimel, Vettiayar, Vettiayar HS, Kottemala, Thannikunnu, Parakulangara, Eravankara, Murivayikkara, Arunoottimangalam, PHC Ward, Seed Farm, Kallumala and Aakkanattukara. Thazhakkara Panchayat is situated between latitude of 9°14" north and a longitude of 76°33" east, at the south-east part in Alappuzha District. On the northern side is Achankovil River, in the west Mavelikkara Municipality, Thekkekara of Mavelikkara, Chunakkara Panchayat and Nooranadu Panchayat are on the eastern side. The local people have two opinions about the history of the name as Thazhakkara. When all these places were under the majestic rule of Edappally Swaraoopam, this place was seen as Thalakkara' since this area was at the top level socially, economically, educationally, culturally and geographically and later it became 'Thazhakkara'. Agriculture is the main profession of this village. Still this village is waiting for industrial development. Education, drinking water, road and electricity are the main concern of this village. Young generation is more attracted towards mobile, laptop and computer technology these days. If banks and financial institutions provide loan and other financial support to the villagers, this village see the real development. Medical and health services has to be improved.

FINANCIAL LITERACY IN STUDENTS

The financial knowledge among student in India is poor as compared to the global standards according to study done by Dr. Vijetha S. Shetty and Baby Jaison Thomas. A large part of this is due to poor numeracy skills and can be attributed to the poor elementary and primary education system as documented in other studies. There should be more focus that needs to be done for increasing the financial literacy amongst all the students of different faculties as they are the future of the country. One question which was exclusively asked to commerce students regarding their attitude towards Financial Investment, as to if has it been changed positively after studying subjects related to finance in curriculum, has found an overwhelming response of 98% as 'YES'. Hence it is very clear that a lot needs to be done under academics to enhance the financial literacy of the students.

As in present and future when India embarks on the journey of economic growth, the economic growth wouldn't be meaning full and real to the masses of country in the absence of complete Financial Literacy. A person's capability to manage financial matters has become important in today's world. Availability of different types of sophisticated financial products coupled with the complexity and increased uncertainty of the economy and financial markets have generated a strong move to measure and study financial literacy among investors. The present study aims to analyze the status of financial literacy of college students who earn with three identified antecedents, namely, their financial literacy, their financial competency, are they motivated enough in financial matters etc.

CHALLENGES FACED IN IMPLEMENTING FINANCIAL LITERACY

In a developing country like India it is very difficult to implement financial literacy programs. And it is more difficult in a semi urban town like Thazhakkara Panchayat in Mavelikara. Following are the problems and challenges faced by them:

- **Developing society- general literacy level is low**
- **Per capita income is low**
- **Low banking penetration- many habitations unbanked**
- **Lack of education to improve literacy**
- **Lack of financial literacy in rural area**
- **Lack of awareness on basic financial products**

This due these challenges we faced a lot of difficulty in our survey interview

CHAPTER 4

ANALYSIS AND INTERPRETATION OF DATA

INTRODUCTION

Data analysis is to analyse the data we have collected through sending Questionnaires, Google Forms. 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 subgroup and analysis of financial literacy level with socio economic Background of subgroup , second section presents financial competency, and third section presents Financial Confidence and Financial motivation of subgroup.

PROFILE OF RESPONDENTS

The study was conducted with the objective of finding out financial literacy level with special reference from college students. For the purpose of collecting data we prepared questionnaires and Google forms. We performed convenience sampling and collected responses from college students. 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.

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.

AWARENESS LEVEL OF VARIOUS CONCEPTS AMONG COLLEGE STUDENTS

Table 4.1

Awareness of the concept Interest

Responds	No of respondents	Percentage
Heard Of	30	60%
Know Well	9	18%
Apply	5	10%
Wish to Know	6	12%
Total	50	100%

Source: Primary Data

Table 4.1 shows that out of the total respondents 60% of respondents 'Heard' of interest; 18% of the respondents 'Know well' about it; 10% 'Apply / Use' the concept of interest and remaining 12% 'Wants to know more'.

Table 4.2

Awareness of the concept Compound Interest

Responds	No of Respondents	Percentage
Heard of	28	56%
Know Well	7	14%
Apply	3	6%
Wish to Know	12	24%
Total	50	100%

Source: Primary Data

Table 4.2 shows that out of the total respondents 56% 'Heard' of compound interest; 14% respondents 'Know well' about it; 6% of respondents 'Apply / Use' it. And 24% of respondents 'Want to know more' about it.

Table 4.3

Awareness of the concept penal Interest

Responds	No of Respondents	Percentage
Heard of	19	38%
Know Well	6	12%
Apply	3	6%
Wish to Know	22	44%
Total	50	100%

Source: Primary Data

Table 4.3 shows that out of the total respondents 38% 'Heard' of penal interest;12% respondents 'Know well' about it; 6% of respondents 'Apply / Use' it. And 44% of respondents 'Want to know more' about it.

Table 4.4

Awareness of the concept inflation

Responds	No of Respondents	Percentage
Heard of	25	50%
Know Well	5	10%
Apply	3	6%
Wish to Know	17	34%
Total	50	100%

Source: Primary Data

Table 4.4 shows that out of the total respondents 50% 'Heard' of inflation; 10% respondents 'Know well' about it; 6% of respondents 'Apply / Use' it. And 34% of respondents 'Want to know more' about it.

Table 4.5
Awareness of the concept risk diversification

Responds	No of Respondents	Percentage
Heard of	24	48%
Know Well	6	12%
Apply	2	4%
Wish to Know	18	36%
Total	50	100%

Source: Primary Data

Table 4.5 shows that out of the total respondents 48% 'Heard' of risk diversification; 12% respondents 'Know well' about it; 4% of respondents 'Apply / Use' it. And 36% of respondents 'Want to know more' about it.

Table 4.6
Awareness of the concept insurance

Responds	No of Respondents	Percentage
Heard of	35	70%
Know Well	8	16%
Apply	7	14%
Wish to Know	--	--
Total	50	100%

Source: Primary Data

Table 4.6 shows that out of the total respondents 70% 'Heard' of insurance; 16% respondents 'Know well' about it; 14% of respondents 'Apply / Use' it.

LEVEL OF FINANCIAL LITERACY OF COLLEGE STUDENTS

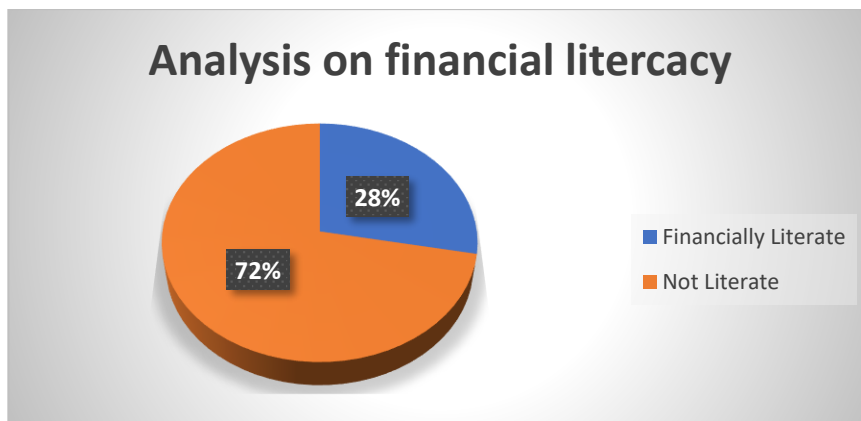
Table 4.7

Level of financial literacy of college students

Level of awareness	No of Respondents	Percentage
Financially Literate	14	28%
Not Literate	36	72%
Total	50	100%

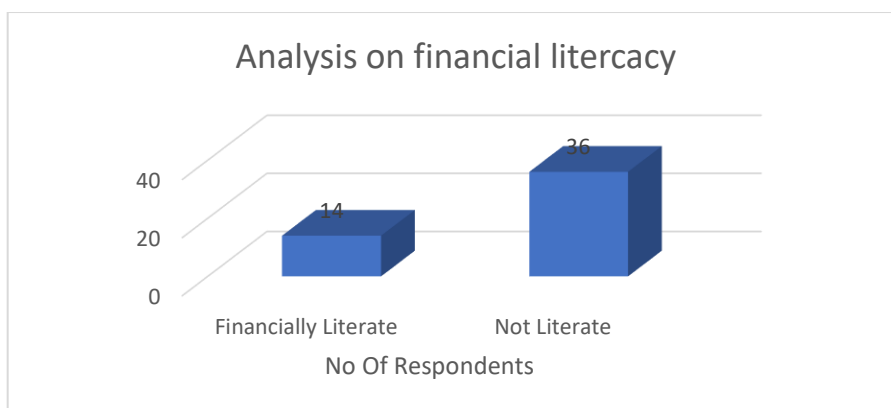
Source: Primary Data

Figure 4.7.1



Source: Table 4.7

Figure 4.7.2



Source: Table 4.7

The table and figure shows that 28% of respondents are financially aware/literate while 72% are not literate.

LEVEL OF FINANCIAL LITERACY AND SOCIO ECONOMIC BACK GROUND OF THE RESPONDENT

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

Classification of respondents

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.

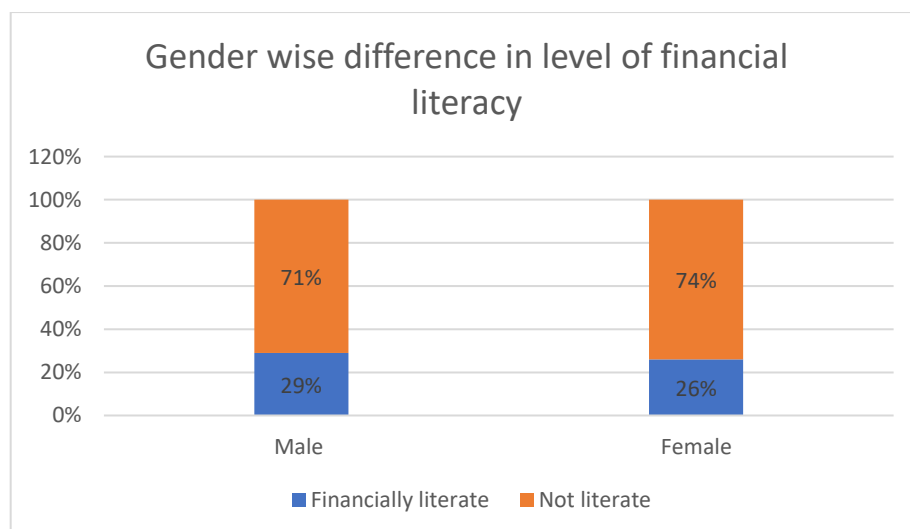
Table 4.8

Gender wise difference in level of financial literacy

Gender / Level of awareness	Male	Percentage	Female	Percentage	Total	Percentage
Literate	9	29%	5	26%	14	28%
Not Literate	22	71%	14	74%	36	72%
Total	31	100%	19	100%	50	100%

Source: Primary Data

Figure 4.8.1



The above table and figure shows that 29% of male respondents and 26% of females respondents are financially literate. Here, we could see that males are more financially literate than females. The reason for this happens due to the saving habits of male.

AGE WISE DIFFERENCE IN LEVEL OF FINANCIAL LITERACY

In this study to analyse whether age has an impact on being financially literate or illiterate, the respondents are between the age 18-21 and 21-25.

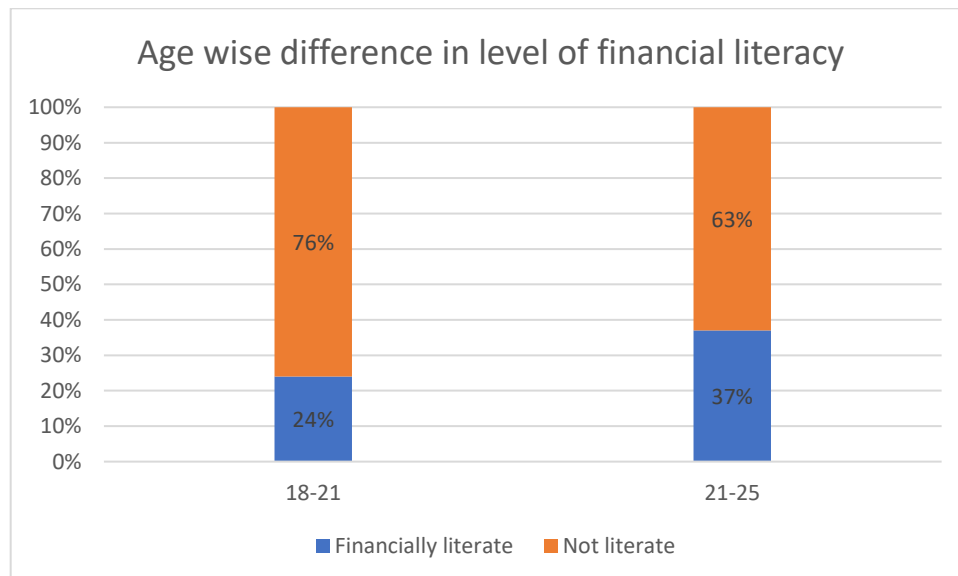
Table 4.9

Age wise difference in level of financial literacy

Age Group / Level of awareness	18-21	%	21-25	%	Total	%
Literate	8	24%	6	37%	14	28
Not Literate	26	76%	10	63%	36	72
Total	34	100%	16	100%	50	100%

Source: Primary Data

Figure 4.9.1



Source: Table 4.9

From the table and figure, 68% of respondents are in the age group 18-21, out of which 24% are financially literate while 76% are not.

32% are in the group 21-25, out of which 37% are financially literate while 63% are not.

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.

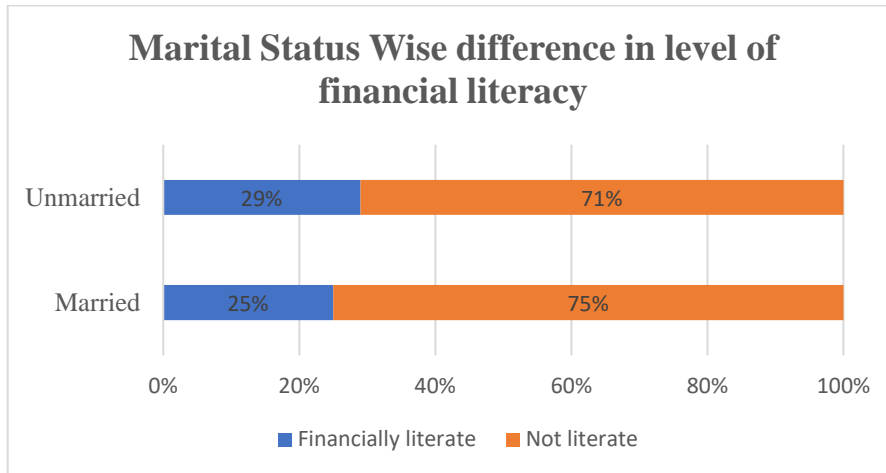
Table 4.10

Marital Status Wise difference in level of financial literacy

Marital status / Level of awareness	Married	Percentage	Unmarried	Percentage	Total	Percentage
Literate	3	25%	11	29%	14	28%
Not Literate	9	75%	27	71%	36	72%
Total	12	100%	38	100%	50	100%

Source: Primary Data

Figure 4.10.1



Source: Table 4.10

From the table and figure, 24% respondents are married out of which 25% are financially literate while 75% are not.

76% of the respondents unmarried, out of which 29% are literate and 71% are illiterate.

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.

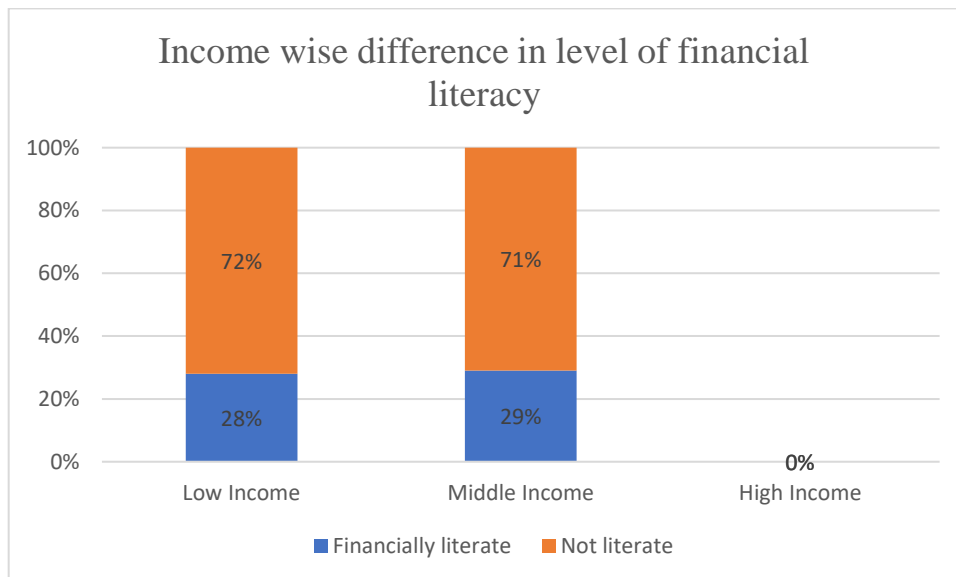
Table 4.11

Income wise difference in level of financial literacy

Income Group / Level of awareness	Low Income	%	Middle income	%	Total	%
Literate	12	28%	2	29%	14	28%
Not Literate	31	72%	5	71%	36	72%
Total	43	100%	7	100%	50	100%

Source: Primary Data

Figure 4.11.1



Source: Table 4.11

From the table and figure, 86% of the respondents belongs to low income group out of which 28% are financially literate and 72% are not.

14% belong to middle income group, out of which 29% are literate and 71% are illiterate.

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, PG and above.

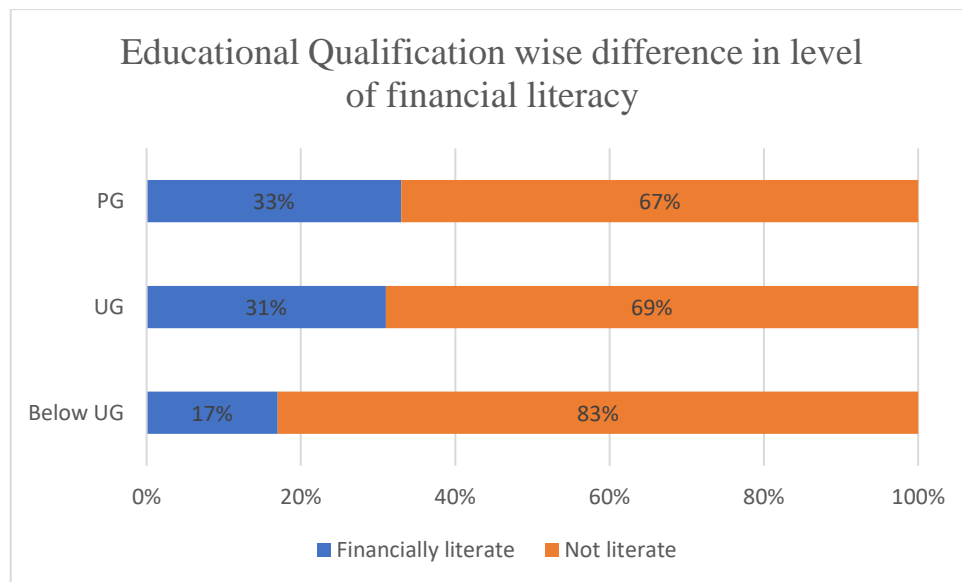
Table 4.12

Educational Qualification wise difference in level of financial literacy

Educational Group / Level of awareness	Below UG	%	UG	%	PG	%	Total	%
Literate	2	17%	9	31%	3	33%	14	28%
Not Literate	10	83%	20	69%	6	67%	36	72%
Total	12	100%	29	58%	9	100%	50	100%

Source: Primary Data

Figure 4.12.1



Source: Table 4.12

The above graph shows that 17% of respondents in below graduation and 31% of respondents in Graduated group is found to be financially literate. 33% above graduation group financially literate.

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.

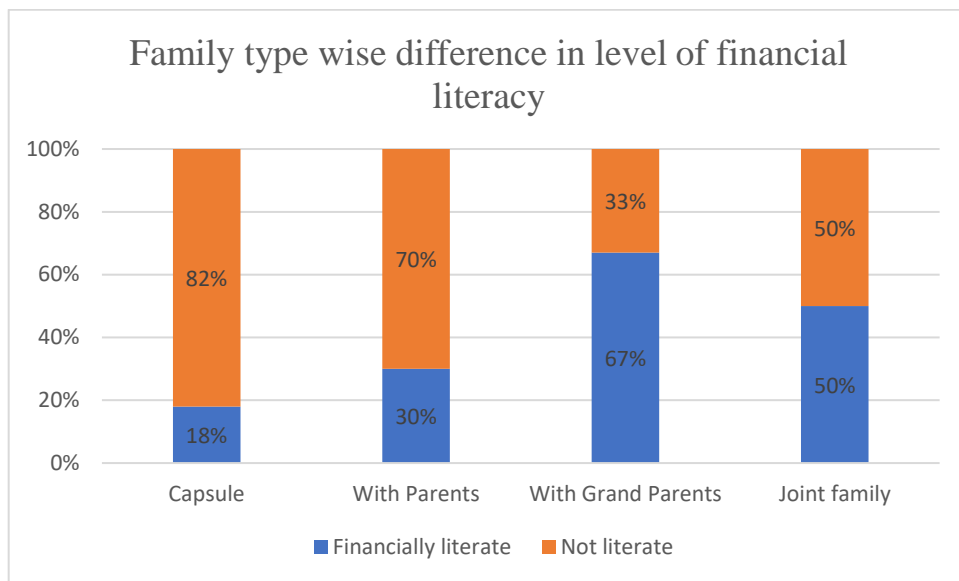
Table 4.13

Family type wise difference in level of financial literacy

Family Type / Level of awareness	Capsule	%	With Parents	%	With Grand Parents	%	Joint Family	%	Total	%
Literate	4	18 %	7	30 %	2	67 %	1	50 %	14	28 %
Not Literate	18	82 %	16	70 %	1	33 %	1	50 %	36	72 %
Total	22	100 %	23	100 %	3	100 %	2	100 %	50	100 %

Source: Primary Data

Figure 4.13.1



Source: Table 4.13

From the above table and figure, it is seen that 44% belongs capsule family, out of which 18% are literate and 82% are illiterate. 46% are living with parents are 30% are literate and 70% are illiterate. 6% respondents with parents and grandparents 67% are financially literate and 33% are illiterate. In joint family type 50% respondents are literate and 50% are not.

LEVEL OF FINANCIAL COMPETENCY

Financial Competency – A person is considered to be financial competent if his/her answer to the questions 13 to 17 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.

LEVEL OF FINANCIAL COMPETENCY OF COLLEGE STUDENTS

Table 4.14

Responds	Heard of	Know Well	Apply	Wish know to	Total
Long-term planning of: Expense / Income /Savings/ Investment	23	3	0	24	50
Awareness of Financial Products and the risk/return characteristics	22	4	0	24	50
Choosing financial products	22	2	1	25	50
Access to financial products	20	2	1	27	50
Stay informed	21	2	1	26	50

Source: Primary Data

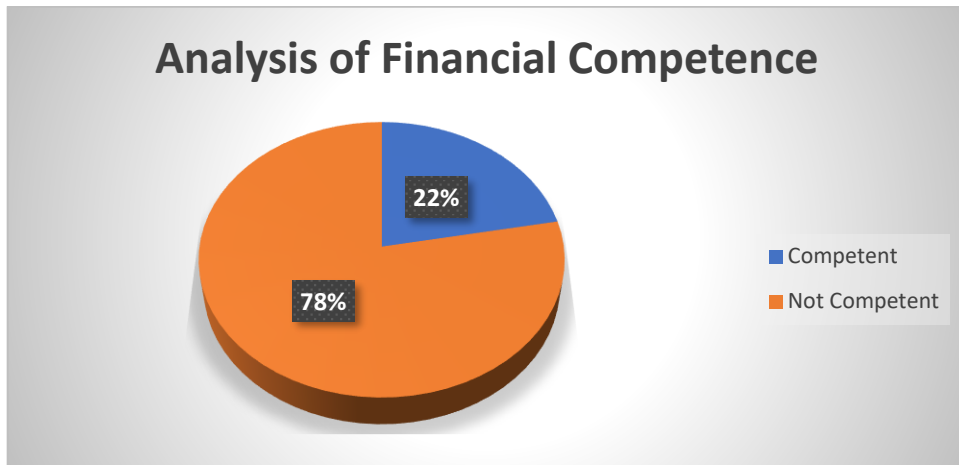
Table 4.14.1

Level of Financial Competency of College Students

Level of Competency	No of Respondents	Percentage
Financially Competent	11	22%
Not Competent	39	78%
Total	50	100%

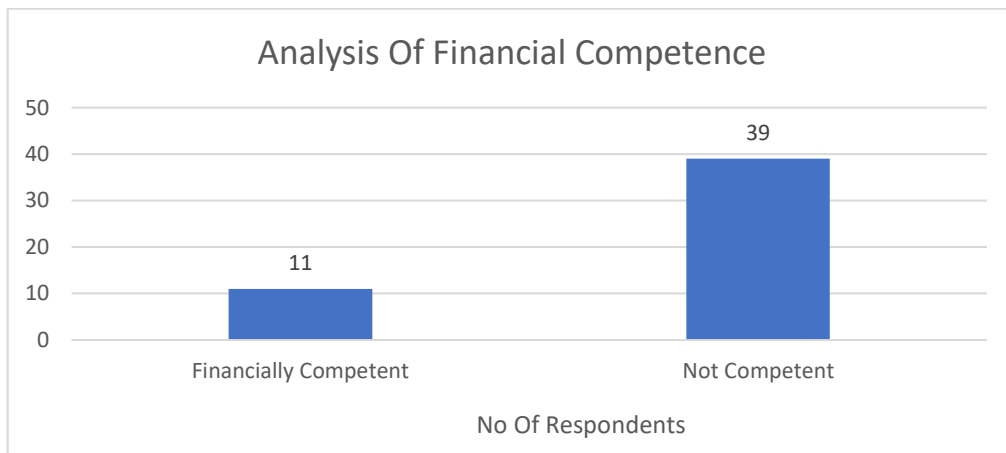
Source: Primary Data

Figure 4.14.1



Source: Table 4.14

Figure 4.14.2



Source: Table 4.14

The above graph shows that 22% of College Students are Financially Competent and 78% is not competent.

LEVEL OF FINANCIAL CONFIDENCE

Financial Confident- A person is considered to be financially confident if answers to three questions from 18 to 24 and is apply /use or know well and similarly know well for any of the questions from 25 to 32. 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).

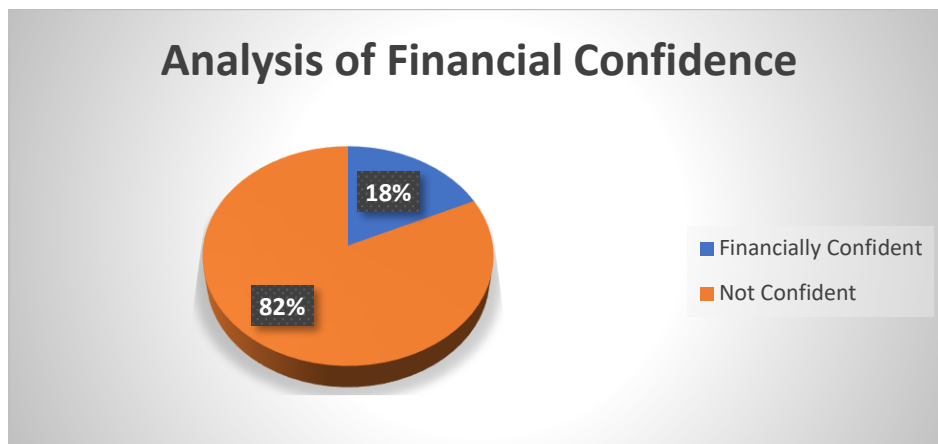
Table 4.15

Level of Financial Confidence of College Students

Level of Confidence	No of Respondents	Percentage
Financially Confident	9	18%
Not Confident	41	82%
Total	50	100%

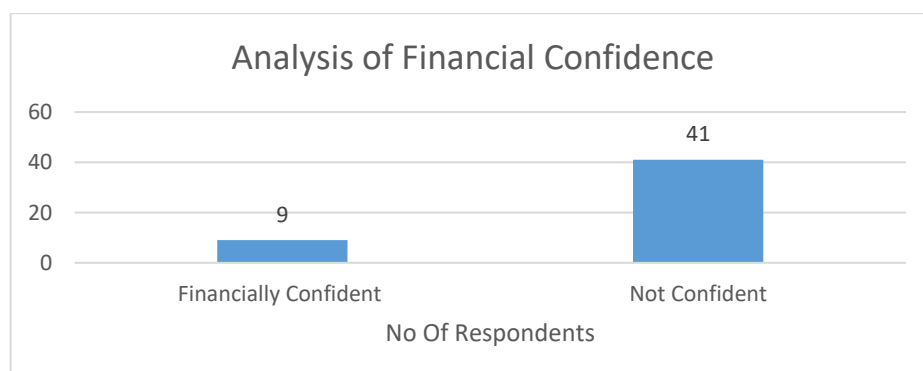
Source: Table 4.15

Figure 4.15.1



Source: Table 4.15

Figure 4.15.2



The above graph shows that 18% of respondents are Financially Confident and 82% are not financially confident.

LEVEL OF FINANCIAL ATTITUDE/ MOTIVATION

Financially motivated – A person is considered to be financially motivated if answers to any three questions from 35 and 41 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.

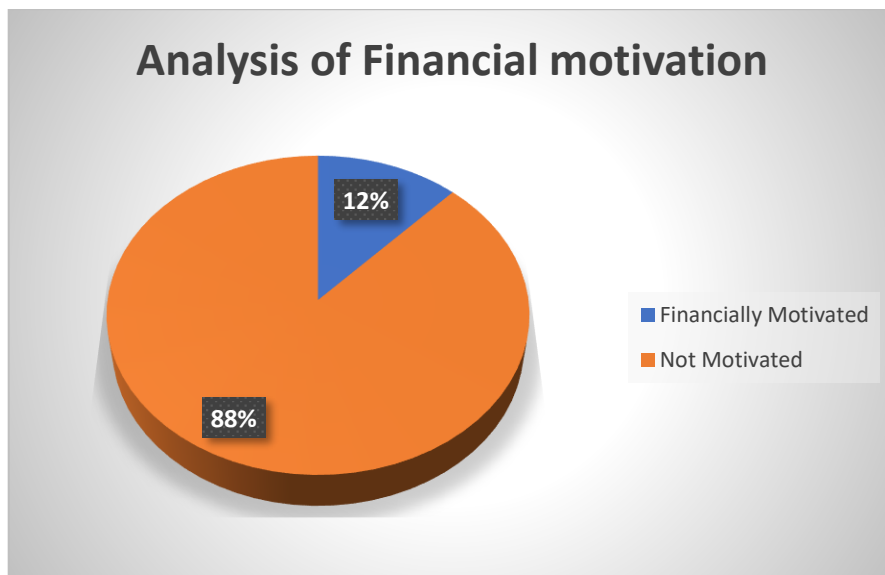
Table 4.16

Level of Financial Attitude of College Students

Level of Motivation	No Of Respondents	Percentage
Financially motivated	6	12%
Not Motivated	44	88%
Total	50	100%

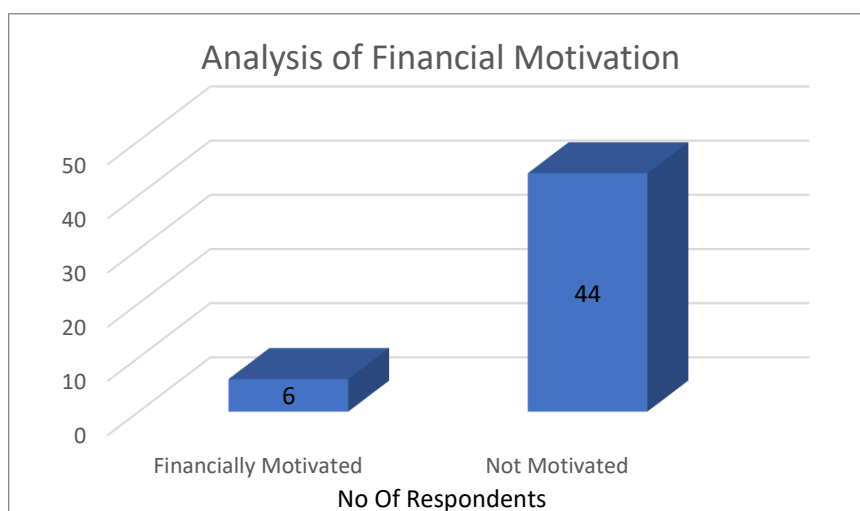
Source: Primary Data

Figure 4.16.1



Source: Table 4.16

Figure 4.16.2



Source: Table 4.16

The above graph shows that 12% of respondents are Financially Confident and 88% are not financially confident.

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.

KNOWLEDGE/EXPOSURE TO FINANCIAL FRAUD

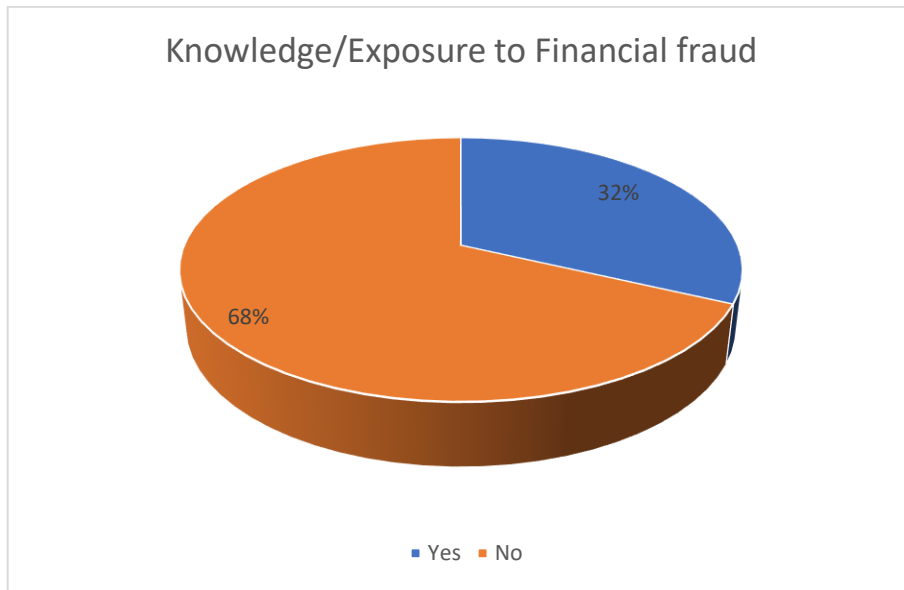
Table 4.17

Knowledge/Exposure to Financial fraud

Responds	No of Respondents	%
Yes	16	32%
No	34	68%
Total	50	100%

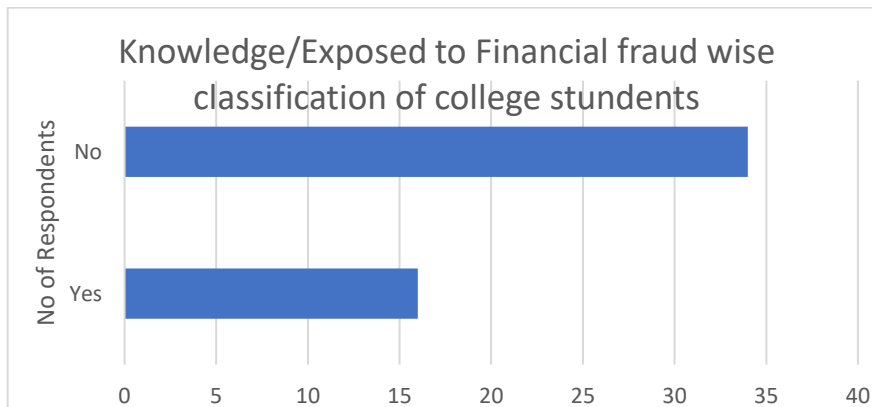
Source: Primary Data

Figure 4.17.1



Source: Table 4.17

Figure 4.17.2



Source: Table 4.17

The above graph shows that 32% of respondents were victims of financial fraud and 68% respondents are not such experience.

SAVING AND INVESTMENT HABIT OF THE RESPONDENTS

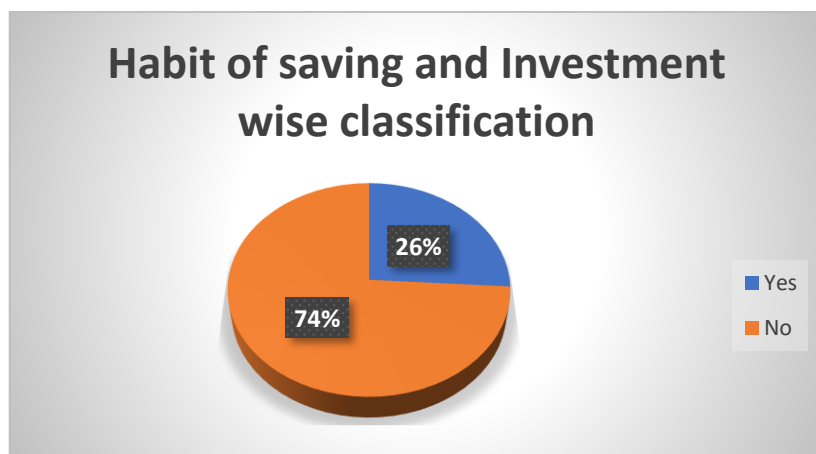
Table 4.18

Saving and Investment habit wise classification of College Students

Responds	No of Respondents	%
Yes	13	26%
No	37	74%
Total	50	100%

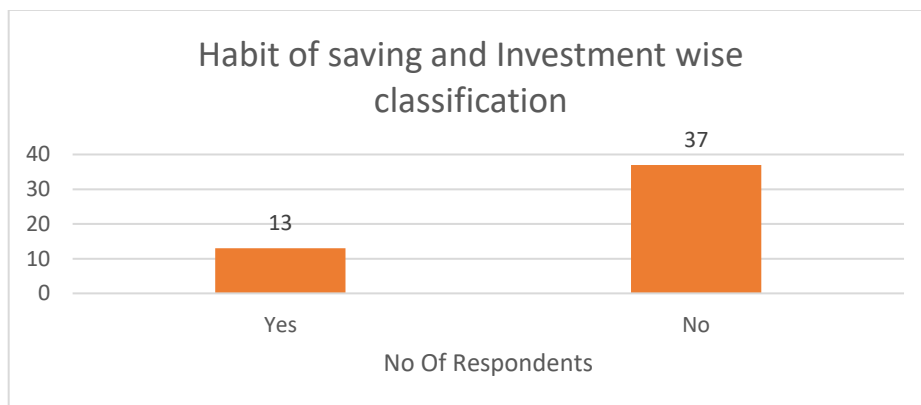
Source: Primary Data

Figure 4.18.1



Source: Table 4.18

Figure 4.18.2



The above graph shows that 26% of respondents have saving and investment habit while 74% of respondents don't have saving and investment habit.

PERCEPTION ABOUT GENDER DISPARITY IN DECISION MAKING

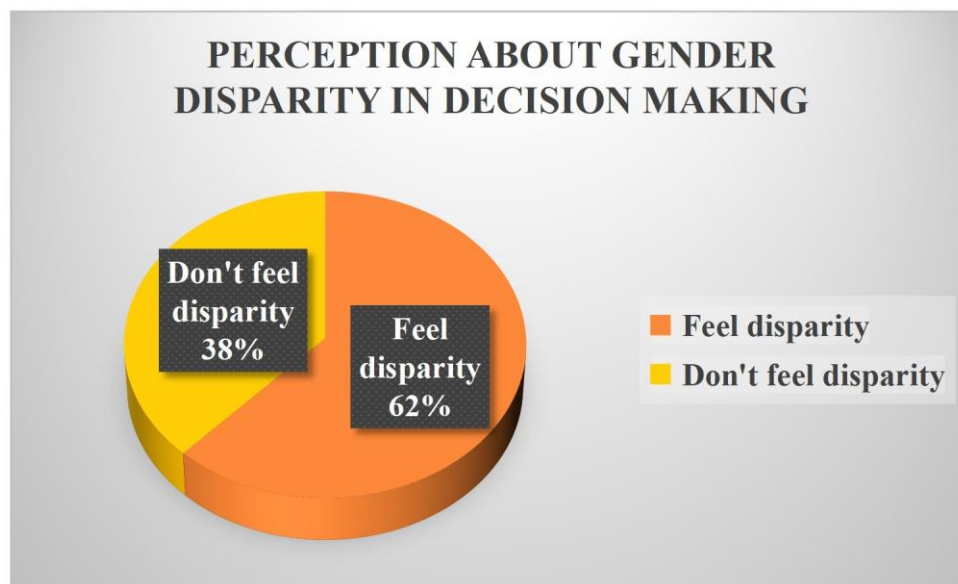
Table 4.19

Perception about gender disparity in decision making

Perception	No. of Respondents	%
Feel Disparity	31	62%
Not Feel Disparity	19	38%
Total	50	100%

Source: Primary Data

Figure 4.19.1



Source: Table 4.19

The above graph shows that 62% of the respondents feel Gender disparity in financial decision making while 38% of the respondents don't feel any Gender disparity in financial decision making.

CHAPTER 5
FINDINGS, SUGGESTIONS, CONCLUSION

FINDINGS

- 10% of the respondents 'Apply/Use' the concept of 'interest'; 60% of the respondents 'Heard' about it; 18% of the respondents 'Know well' about the concept of 'interest' and only 12% 'Want to know more' about it.
- 6% of the respondents 'Apply/Use' the concept of 'compound interest'; 56% of the respondents 'Heard' about it; 14% of the respondents 'Know well' about the concept of 'compound interest' and 24% of the respondents 'want to know' more about it.
- 12% of the respondents 'Know well' about the concept of 'Penal interest'; 38% of the respondents 'Heard' about it; 6% of the respondents 'Apply/Use' the concept of 'Penal interest' and 44% of the respondents want to know more about it.
- 50% of the respondents 'Heard' of the concept of 'Inflation'; 10% of the respondents 'Know well' about it ; 6% of the respondents 'Apply/ Use' the concept of 'Inflation' and 34% of respondents 'Want to know more' about it.
- 4% of respondents 'Apply/ Use the concept of 'Risk diversification' and the 36% 'Want to know more' about it; 4% of the respondents 'know well' about the concept of 'Risk diversification' and 48% 'Heard' of the concept of Risk diversification.
- 70% of the respondents 'Heard' of the concept of 'insurance'; and the 16% 'knows well' about it; 14% of the respondents 'Apply/ Use' the concept 'insurance'.
- 28% of the respondents are 'financially literate'.
- 22% of the respondents are 'financially competent'.
- 18% of the respondents are 'Financially Confident'.
- 12% of the respondents are 'Financially Motivated'.
- 29% of 'males' and 26% 'females' respondents are financially literate . It shows that 'males' are more literate than 'females'.
- 24% of respondents belonging to the age of group '18-21' and 37% of respondents belonging to the age group '21-25' are financially literate.
- 25% 'married' respondents and 29% 'unmarried' respondents are financially literate.
- 28% of respondents belonging to the 'low income' group and 29% of respondents belonging to the 'Middle income' group are financially literate .

- 17% of respondents belonging to the category 'below graduation'; 31% of respondents belonging to the category 'Graduated group' and 33% of respondents belonging to the category 'post-graduation' are financially literate.
- 30% of the respondents belonging to the family type 'with parents'; 67% of respondents belonging to the family type ' with parents and grandparents' and 50% of the respondents belonging to the family type 'Joint family' are financially literate
- 26% of respondents have' saving and investments habit' .
- 32% of respondents are found to be victims of ' financial fraud'.
- 62% of the respondents feels that there is gender disparity in financial decision making while 38% of the respondents don't feel that there is gender disparity.

SUGGESTIONS

The following suggestions are proposed for improving financial literacy:

- Financial education should be included in schools and colleges curriculum activities.
- Train the teachers about financial literacy however they can train the students as well.
- Local Bodies will take initiative to arrange webinars, brief courses for college students on financial areas.
- Awareness programmes may be arrange for school and college students, so that they are not subjected to financial fraud.
- Student may encourage to read business newspapers like Business line and The Financial Times to stay informed in financial current affairs.
- Financial programs targeting females population may be introduced through social media.
- Respondents may be encouraged to attend financial class at education institutions.
- Respondents may be encouraged to take a course on financial matters through online media.
- Inter exchange of knowledge and ideas between educational institutions/departments may be encouraged.
- Students may encourage to open saving bank account so that they are more awareness about financial matters.

CONCLUSION

Financial literacy provides the knowledge to make financially correct decisions that, impacts our daily lives. Using exploratory research, this study analysed the financial literacy level. It revealed, in case of college students majority are financially illiterate (due to poor financial education and low earnings). It is concluded that majority of college students are financially illiterate, incompetent and not confident. And it is found that Financial Motivation is less in case of college students. The study of financial literacy level and socio economic background of college students concluded that males are more literate than females, unmarried respondents are more literate than married, 18-25 age group respondents are more literate than other groups, respondents with higher Education are more financially literate and respondents who earn high income are found more literate. It is also found that majority college students don't have stable saving and investment habit. These problems connected with less efficiency and competency are because of the lack of financial literacy. 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 college students to create awareness on economic variables like inflation, real income, calculation of interest rate, compound interest etc. If a college students is financially literate, he can easily spread their financial knowledge to 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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ANNEXURE

SCHEDULE ON FINANCIAL LITERACY

A study on financial literacy in Thazhakkara Grama Panchayath with regards to college students

Gender *

Mark only one oval.

Male

Female

1. Marital status *

Mark only one oval.

Single

Married

2. Age *

3. Your Highest Education *

4. Annual Income *

5. 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

Family Characteristics

7. Staying With parents

Mark only one oval.

Yes

No

8. Staying With parents and grandparents

Mark only one oval.

Yes

No

9. Joint family

Mark only one oval.

Yes

No

10. Assessment of financial Awareness *

Mark only one oval per row.

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

11. Assessment of financial competence / behaviour

Mark only one oval per row.

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

12. 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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(19) independent financial decision made and executed - long term	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(20) where to seek help on financial matters	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(21) Regulatory Authority.. (RBI)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(22) IRDA	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(23) PFRDA	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(24) SEBI	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(25) share brokers service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(26) financial advisors service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(27) Managing Debt	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(28) Long term planning for retirement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(29) confidence in dealing with financial products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(30) saving and investing wisely (self appraisal	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(31) credit card in your name	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(32) General service offered by the banks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Financial Attitude and Motivation

13. Financial Attitude and Motivation

Mark only one oval per row.

	Yes	No
(35) Day to day financial management and budgeting	<input type="radio"/>	<input type="radio"/>
(36) Numerology related fiance - in hand	<input type="radio"/>	<input type="radio"/>
(37) NIFTY / SENSEX regularly watching changes	<input type="radio"/>	<input type="radio"/>
(38) knowledge of or exposed to financial frauds	<input type="radio"/>	<input type="radio"/>
(A) family budgeting	<input type="radio"/>	<input type="radio"/>
(41) Habit of saving	<input type="radio"/>	<input type="radio"/>
(42) Recognised Gender disparity in financial matters	<input type="radio"/>	<input type="radio"/>
(43) owned / shares/ bond/ future/ options/ETF/MF/Gold fund/ NSC	<input type="radio"/>	<input type="radio"/>
(44) Demat Accounts owned by.Self	<input type="radio"/>	<input type="radio"/>
