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## **FINANCIAL LITERACY AND FINANCIAL EDUCATION AMONG YOUNG GENERATION IN UDAIPUR DISTRICT**

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### **Abstract –**

At present, India is the country with the most youth and the responsibility for the positive growth of the country's economy rests mostly with the youth. Therefore, it is necessary that every youth of the country should have adequate knowledge and understanding about financial literacy and education so that they can be connected to the effective use of financial services. In this direction, the relationship between financial literacy and various demographic factors has been determined in the said research paper, for which chi square test has been used. Various demographic factors include age, gender, marital status, occupation status, education level, income level, locality (urban-rural), etc. The above research has been done in Udaipur district, for which a questionnaire was filled from 100 respondents. It was found that locality, educational level and occupation affect financial literacy. While age, gender, marital status and income do not have any significant effect on financial literacy.

**Keywords –** Financial Literacy, Financial Education, Young Generation

### **Introduction –**

Financial Literacy refers to the ability to understand and apply different financial skills effectively including personal financial management, budgeting and saving. (RBI) Financial literacy also affects a person's ability to understand finance and the ability to make individual and household financing decisions. Financial literacy is the ability to make the financial system effective and make accurate decisions, develop skills, understanding in each individual and household. The Organization for Economic Co-operation and Development (2013) stated that financial literacy is a combination of awareness, attitude knowledge, skill behaviour which is required to make better financing decision and ultimately to attain individual financial well being. (P Kandari, 2023)

Financial Literacy is the combination of “Financial Knowledge, financial behaviour, and financial attitude. (Sangeeta, etal, 2022) Financial literacy and financial education promote self-confidence and self-control in a person, due to which the person is able to ensure his participation in the formal economic system. 72% of India's people do not understand how much money they should save or invest to achieve financial freedom. (P. Chandra, 2022) Financial Literacy, is a great idea for the youth studying in college because this is the class which is in the initial stage of managing its financial responsibilities and habits. One way to promote financial literacy can be to make financial education a part of the syllabus of school and college students. (P Singh, 2022) Financial literacy is strongly associated with the sustainable development of the economy (S. Kumari & P. Harikrishnan, 2021) If youngsters have a low level of

financial knowledge, they will not be able to make their own financial decisions, which will make their opinion negative towards finance. (Chen, Rlp, M 1998) According to OECD, 2005 financial education should be added to the preliminary education of the students, so that the student can develop a better understanding towards finance at an early age. (D. Kaur & P. Vijay 2013) According to data of National Centre for financial education report, 2015 & financial literacy and inclusion in India Survey Report, 2019 the literacy rate among youth is 30%, whereas it is 27% among the middle aged people in India. As per report, the rate of financial literacy of India is 24% and the India stands at the 23<sup>rd</sup> rank out of 28 in financial literacy. Among BRICS nations India rank at 5<sup>th</sup> place with a lowest financial literacy rate of 24%. (P. Chandra, 2022)

### **Review of Literature –**

**(D.Kaur,2023)** The said research paper shows that the financial stability and instability of each individual depends to a great extent on the level of his/her financial literacy. The said research was done on the financial literacy level of the students of Pune (Maharashtra) and it was found that the activities related to financial literacy done by their parents, teachers and school greatly affect the financial literacy of these students.,

**(P.Singh,etal,2022)** The above study states that financial literacy is an essential aspect in college students to improve their financial responsibility and habits, as well as financial knowledge, use of financial services, financial authorities in decision making and financial planning, etc. affect the financial literacy of the college students.

**(K. Raman,2022)** It has been shown here that financial management skills can be taught to the deprived sections of the country, ( women, poor, unemployed) only by connecting them with financial literacy. Apart from this, due to advancement in technology and media coverage, the ratio of financial literacy in young and adult population is currently increased.

**(M. Mittal,2022)** In the said research done on the students of private schools of Bangladesh, it was found that the little knowledge of financial literacy given to these students in the schools is not sufficient in itself, for which they need separate demo classes and training on financial literacy and financial education.

**(P. Chandra,2022)** The purpose of the above paper has been to analyse the level of financial literacy and financial education among the youth, here it is suggested that financial education should be added to the curriculum of the students at school level and college level.

**(P. Kandari,2021)** In the said research, it was found that financial literacy is an important factor to bring people of the villages and the deprived sections under the ambit of financial inclusion, because along with lack of resources, they are socially and economically backward as well. Compared to the rural youth, the ratio of financial literacy among the old age people of the village is very low.

**(C. Singh,2017)** It was told in this study that women are the main spenders of the house and men are the main earners of the house. To change this concept and to empower women, it is necessary to make them financially literate. The main objective of this study is to empower women in the economic field by making them financially literate in the country of India. It was found that women play an active role in household management and finance decision making but they are dirty in taking larger finance decisions. It is necessary for every woman to have knowledge of basic financial literacy so that she can spend her life by investing according to her likes and interests.

**(S.K. Agarwalla, etal, 2015)** In the said research paper, it has been told that compared to other countries, in India, there is more possibility of financial attitude, financial behaviour and financial knowledge in the youth and both men and women are currently having the opportunity to develop their financial knowledge and skills. It is also pointed out that financial literacy affects the families of India in a negative direction whereas consultative decision making in families impacts its positively.

(J. Almenberg & A. Dreber, 2012) In this study, it was said that instead of advanced financial literacy, basic financial literacy should be promoted among women to make a place in the stock market. In this study, it was found that women prefer to take less risk than men and that is why their share in the stock market is less than that of men. In conclusion, found that gender gap affects the economic decision of any country, which can be reduced by keeping it under proper control through financial literacy and the relationship between financial literacy and economic decision can also be easily understood.

(C Hiremath & S Deene) In the above research, the correlation has been found by considering financial literacy as demand driven and financial inclusion as supply driven approach. This research is a descriptive study based entirely on secondary data using surveys from the National Centre of Financial Education in 2013 & 2019 and the results found a positive correlation between financial inclusion and financial literacy. Financial literacy has an important impact on financial inclusion and at the same time it has been suggested that the need of the hour is to run financial literacy programs by the government to promote financial literacy to reduce problems like poverty, unemployment.

**Objectives** – To know about the demographic profile as well as knowledge about financial literacy and financial education among youth.

### Research Methodology –

The above research papers are based on primary data. A well-structured questionnaire was designed for primary data collection in which data was collected from 100 young respondents of Udaipur district. For this, questions based on their demographic profile were asked. Along with this, 20 other terms based on financial literacy were asked to check the financial literacy and financial education of these respondents and thus their total score was counted which was further classified into Low financial literacy, Moderate financial literacy and High financial literacy.

### Data Analysis :-

**Table – 1 Demographics Profile of Respondents:-**

Demographic Variables Name	Categories	Frequency	Percentages
	Male	65	65%
	Female	35	35%
	<b>Total</b>	<b>100</b>	<b>100%</b>
<b>Age</b>	Less than 20	3	3%
	20-30	77	77%
	30-40	20	20%
	<b>Total</b>	<b>100</b>	<b>100%</b>
<b>Marital Status</b>	Married	37	37%
	Unmarried	59	59%
	Widow/Widower	04	4%
	<b>Total</b>	<b>100</b>	<b>100%</b>
<b>Residential Status</b>	Urban	70	70%
	Rural	30	30%
	<b>Total</b>	<b>100</b>	<b>100%</b>
<b>Education Level</b>	Senior Secondary	21	21%
	Under graduation	48	48%
	Post-graduation	18	18%
	Other	13	13%
	<b>Total</b>	<b>100</b>	<b>100%</b>

<b>Occupation Status</b>	Student	50	50%
	Self employed	09	9%
	Private employed	18	18%
	Govt. employed	23	23%
	<b>Total</b>	<b>100</b>	<b>100%</b>
<b>Income Level</b>	Less than 1 Lakh	43	43%
	1 Lakh to 5 Lakh	45	45%
	5 Lakh and more	44	44%
	<b>Total</b>	<b>100</b>	<b>100%</b>

Here it was seen that most of the respondents were from male category whose number was 65 and number of women was 35. Along with this, the respondents in the age group of 20-30 were the ones who knew most of the financial terms. With this, 70% of the people living in cities understand and use financial literacy and financial education. Apart from this, another thing has come to the fore that 50% of the students are well aware of the concept of financial literacy and use them, while there is a lack of awareness about financial education among the people working in private or government sector and self-employed. Apart from this, the income level does not affect financial literacy or education to a great extent.

**Table-2 - Financial literacy among urban and rural youth of Udaipur District :-**

			<b>Financial Literacy Level</b>			<b>Total</b>
			<b>Low Literacy</b>	<b>Moderate Literacy</b>	<b>High Literacy</b>	
<b>Residential status (Location)</b>	<b>Urban</b>	Frequency	25	17	28	70
		Percentage	71.4%	60.7%	75.7%	70.0%
	<b>Rural</b>	Frequency	10	11	9	30
		Percentage	28.6%	39.3%	24.3%	30.0%
	<b>Total</b>	Frequency	35	28	37	100
		Percentage	100%	100%	100%	100%

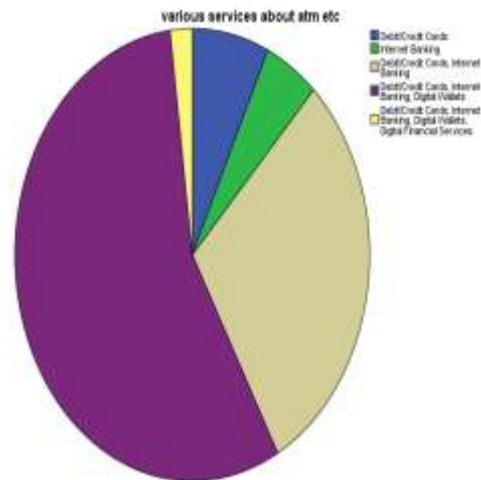
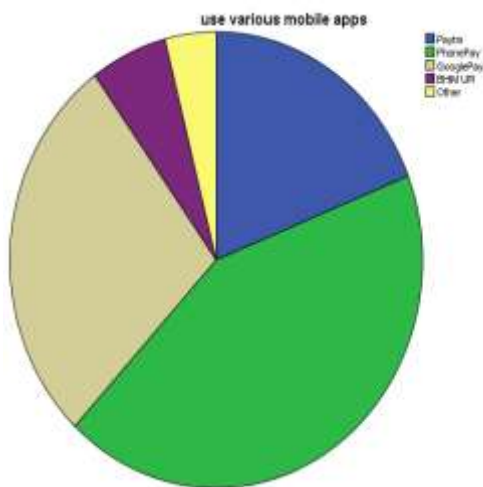
Here through this table we can see that 70% of the people who know and understand financial literacy are urban and only 30% are rural. With this, High and Moderate literacy in urban areas are 75.7% and 60.7% respectively, while in villages it is 24.3% and 39.3%, which is much less than the urban people.

**Table-3 -**

<b>Question to understand the knowledge of financial concepts, financial planning, financial decision and financial risk among the young generation.</b>		<b>Frequency</b>	<b>Percentage (%)</b>
<b>1 Do you understand the basic financial concepts like budgeting, saving &amp; credit ?</b>	Not at all well	1	1%
	Somewhat well	8	8%
	Moderately well	26	26%
	Very well	40	40%
	Extremely well	25	25%
	<b>Total</b>	<b>100</b>	<b>100%</b>
<b>2 Are you aware of the various risk present during financial transaction such as phising &amp; spyware etc.?</b>	Not at all well	6	6%
	Somewhat well	26	26%
	Moderately well	24	24%
	Very well	29	29%

	Extremely well	15	15%
	<b>Total</b>	<b>100</b>	<b>100%</b>
<b>3 Are you aware of the digital lending method like peer to peer lending, app based lending, finance for supply chain, loan market places, credit limit etc.?</b>	Not at all well	10	10%
	Somewhat well	36	36%
	Moderately well	15	15%
	Very well	28	28%
	Extremely well	11	11%
	<b>Total</b>	<b>100</b>	<b>100%</b>
<b>4 Do you seek financial advice or information about any financial instrument before investing in it?</b>	Never	6	6%
	Rarely	8	8%
	Sometimes	13	13%
	Often	27	27%
	Always	46	46%
	<b>Total</b>	<b>100</b>	<b>100%</b>
<b>5 Have you ever made a financial plan for the future circumstances such as retirement planning, investment planning and insurance planning?</b>	Never	23	23%
	Rarely	13	13%
	Sometimes	15	15%
	Often	24	24%
	Always	25	25%
	<b>Total</b>	<b>100</b>	<b>100%</b>
<b>6 Before Buying any financial product, you test your Buying capacity?</b>	Never	3	3%
	Rarely	4	4%
	Sometimes	4	4%
	Often	24	24%
	Always	65	65%
	<b>Total</b>	<b>100</b>	<b>100%</b>
<b>7 To what extent do you agree that your family plays an important role in your financial decisions?</b>	Not at all satisfied	2	2%
	Somewhat satisfied	8	8%
	Moderately satisfied	24	24%
	Very satisfied	49	49%
	Extremely satisfied	17	17%
	<b>Total</b>	<b>100</b>	<b>100%</b>
<b>8 Socio-economic status affect financial decision</b>	Not at all satisfied	2	2%
	Somewhat satisfied	11	11%
	Moderately satisfied	22	22%
	Very satisfied	45	45%
	Extremely satisfied	20	20%
	<b>Total</b>	<b>100</b>	<b>100%</b>
<b>9 How important do you think financial education in your life.</b>	Not at all important	1	1%
	Somewhat important	3	3%
	Moderately important	9	9%
	Very important	51	51%
	Extremely important	36	36%
	<b>Total</b>	<b>100</b>	<b>100%</b>

<b>10 Which of the following Mobile Payment application do you use for your daily financial transactions?</b>	Paytm	19	19%
	Phone-Pay	43	43%
	Google-Pay	28	28%
	BHIM UPI	6	6%
	Other	4	4%
	<b>Total</b>	<b>100</b>	<b>100%</b>
<b>11 Are you ever invested your money in various financial products if yes, then which financial product?</b>	Stock	15	15%
	F.D.	31	31%
	Mutual Fund	15	15%
	Crypto currencies	3	3%
	Other investment assets	5	5%
	Have not interested in any financial product	31	31%
	<b>Total</b>	<b>100</b>	<b>100%</b>
<b>12 Select all the services that you are aware about :-</b>	Debit/Credit Card	7	7%
	Internet Banking	5	5%
	Debit/Credit Card/ Internet Banking	30	30%
	Debit/Credit Card/ Internet Banking/ Digital Wallets	56	56%
	Debit/Credit Card/ Internet Banking/ Digital Wallets / Digital Financial Services	2	2%
	<b>Total</b>	<b>100</b>	<b>100%</b>



#### Association between financial literacy and demographic factors :-

Here chi square test is applied to find out the relationship between financial literacy and demographic factors because financial literacy score is nominal scale and financial demographic factors is category wise.

Therefore, to find out the relationship between financial literacy and demographic factors, various hypotheses have been tested by applying chi square test.

Where :-

**Ho** : There is no significant relationship between level of financial literacy and demographic parameter.

**H1** : There is significant relationship between level of financial literacy and demographic parameter.

**Table -4 Results of chi square :-**

Sr. No.	Hypothesis	Calculated value of chi-square	Df	P Value	Acceptance/ Rejection of Hypothesis
1	There is no significant relationship between level of financial literacy and Age.  There is significant relationship between level of financial literacy and Age.	.117	4	.601	Accepted
2	There is no significant relationship between level of financial literacy and Gender.  There is significant relationship association between level of financial literacy and Gender.	.089	2	.672	Accepted
3	There is no significant relationship between level of financial literacy and Occupation. There is significant relationship between level of financial literacy and Occupation.	.253	6	.046	Rejected
4	There is no significant relationship between level of financial literacy and Education.  There is significant relationship between level of financial literacy and Education.	.283	6	.014	Rejected
5	There is no significant relationship between level of financial literacy and Marital Status  There is significant relationship between level of financial literacy and Marital Status	.132	4	.479	Accepted
6	There is no significant relationship between level of financial literacy and Yearly Income level.  There is significant relationship between level of financial literacy and Yearly Income.	.180	4	.169	Accepted

7	There is no significant relationship between level of financial literacy and Residential Status.	.255	2	0.044	Rejected
	There is significant relationship between level of financial literacy and Residential Status.				

Association for financial literacy with different personal and demographic profile respondents like Residential status, gender, age, marital status, income level, education level and occupation has been analysed by using Chi-square test and it was found that Age level, Gender, Marital Status, income level do not have significant association with financial literacy where as occupation status, education level, Residential Status ( Urban-Rural) are significantly associated with financial literacy.

### Limitation of the Study –

The first limitation of this research is that it has been conducted with a sample of 100 people only in Udaipur district of Rajasthan. Which cannot be generalized all over Rajasthan. With this, the above study relies on self-reported data, in which there may be bias and inaccuracy. In the future, other studies can be done on this topic by increasing the sample size.

### Findings & Conclusion –

As a conclusion, it comes out that compared to the urban youth, it is necessary to increase the awareness for financial literacy on the young people of the villages and its effective utility. With this, we have been able to understand that education level affects financial literacy to a great extent, people who are highly educated are quite aware of financial services and use these facilities. Therefore, improving the level of education can be an effective way to increase financial literacy and education in rural areas. Another factor is the level of income, which has a nominal effect on financial education and it is right because using digital financial services is a cost and time saving as well as a cheap means of connecting to financial and banking facilities and currently our government are also moving in the same direction. But still, the rate of intelligent and effective use of financial services linked to financial literacy and education is less in Rajasthan as compared to other states. Therefore, the Government and the Financial Institution and the Banking Institution should make their facilities accessible to the rural people in this direction and make them familiar with their use, for this they can organize training programmes, free demo classes, effective schemes, free mobile phones and internet connectivity can make a positive effort.

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