

“FINANCIAL LITERACY AMONG STUDENTS IN MAHARASHTRA: A REVIEW”

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ABSTRACT-

The market's overall scope is expanding due to the commencement of multiple financial and economic reforms. People now need to carefully plan and invest their funds as a result of the introduction of several new financial products to the market. Put another way, financial planning is becoming crucial for an individual's financial security. The need of financial literacy is still lacking, particularly for students, even though the function of Financial Knowledge, Financial Literacy,

Financial Behavior, Financial Attitude

INTRODUCTION-

It is increasingly important for people to have a solid understanding of the financial industry in order to make decisions that are best suited to their needs and financial goals in a world where the variety and complexity of financial products are expanding the scope of the entire market

*financial planning is well recognized. Furthermore, not much information has been gathered about the pupils' degree of financial literacy. It is therefore necessary to have a thorough understanding of the problem of financial literacy among Maharashtra students. This paper is an effort in that direction. Although there are efforts by the government to increase financial literacy, there are still many gaps in the degree of financial literacy. Therefore, more financial literacy initiatives tailored to the needs of individual students should be launched; doing so will not only help the country as a whole but also help students become more self-reliant and empowered. **Money is one form of power, but what is more powerful is financial education_ Robert Kiyosaki***

KEYWORDS: Financial Education,

(Kumar and Anees, 2013). Moreover, personal financial decisions have a significant impact on the economic development and expansion of a country. However, making financial decisions is a difficult task. When developing financial plans, a number of elements need to be considered, including risk, returns, market conditions, the regulatory environment, etc.

Stated differently, an individual's financial planning is greatly influenced by

their level of financial literacy. "The process of meeting one's life goals through the proper management of personal finances" is the definition of financial planning given by NISM. To put it another way, it's the process of taking the required actions to guarantee that a person is ready to handle unforeseen circumstances and is able to reach his or her financial objectives (Shobha and Shalini, 2015). "A combination of awareness, knowledge, skill, attitude and behavior necessary to make sound financial decisions and ultimately achieve individual financial wellbeing" is how the OECD/INFE defines financial literacy.

ELEMENTS OF FINANCIAL LITERACY-

Three important rudiments of financial knowledge are opportunity, proficiency, and fundamental capabilities. Despite being separate, these rudiments depend on one another. Lack of just one person may make it delicate to reach the applicable degree of financial knowledge. In other words, one must be complete in all three areas to be financially knowledgeable. The rudiments of financial knowledge are shown in the following illustration.

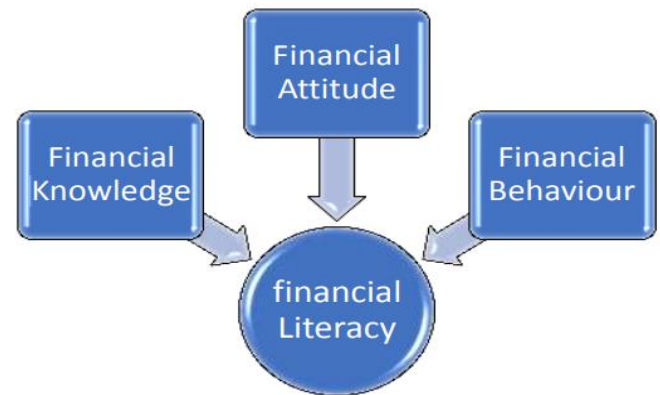


Figure 1.1: Financial Literacy Dimensions

LITERATURE REVIEW-

The National Longitudinal Survey of Youth conducted in 2007-08 examined the financial literacy levels among young individuals in the United States. The research aimed to address several key questions, including the readiness of youth to make informed financial decisions, the factors influencing their financial literacy, and the policy measures necessary to enhance financial literacy among this demographic. The findings revealed a notably low level of financial literacy among young people, a conclusion that aligns with global trends indicating that, despite significant efforts to promote financial literacy, improvements remain limited. The study also highlighted those sociodemographic factors, along with the financial circumstances and sophistication of families, play a crucial role in determining financial literacy levels. Numerous studies have also been conducted to assess financial literacy in India, with most reports indicating a concerning low level of financial literacy in the country.

According to a study conducted by VISA in 2012, India was positioned 23rd

among the 28 countries surveyed. Utilizing the questionnaire developed by the Organization for Economic Cooperation and Development (OECD) aimed at streamlining international benchmarking, this research sought to gain deeper insights into financial literacy in India. In contrast to several other studies, the OECD methodology is notably more extensive, as it endeavors to assess the impact of various descriptive variables on the three facets of financial literacy: financial attitude, financial behavior, and financial knowledge.

OBJECTIVES OF THE STUDY-

Following objectives give the motivation to conduct the present study:

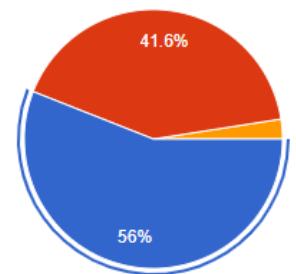
- To measure and analyses the level of Financial Literacy among student in Maharashtra.
- To study the factors influencing financial literacy among Students in Maharashtra.
- To study the financial literacy interventions by government in India.

DATA ANALYSIS AND INTERPRETATION-

1. Gender-wise Distribution

Gender:

243 responses



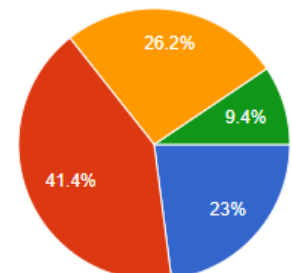
Interpretation:

From the above graph we can infer that, as far as the respondents' gender is concerned, the major group is of Male (56%) whereas the minor group is of Female (41.6%).

2. Is your family used to keeping records of income and expenditures?

1. Is your family used to keeping records of income and ex

244 responses



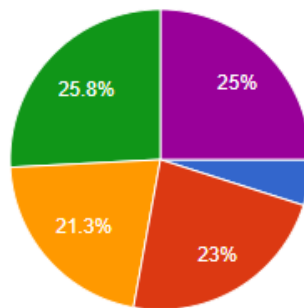
Interpretation:

From the above graph we can infer that, as far as the respondents' response for Is your family used to keeping records of income and expenditures? is concerned, the major group is of Yes. But not all revenues and expenditures (41.4) whereas the minor group is of No and have no idea (9.4). Also group Yes, we keep records of everything having responses 23% and for group NO, but have an idea, it is 26.2%.

3. I pay my bill on time.

3. I pay my bill on time

244 responses



Interpretation:

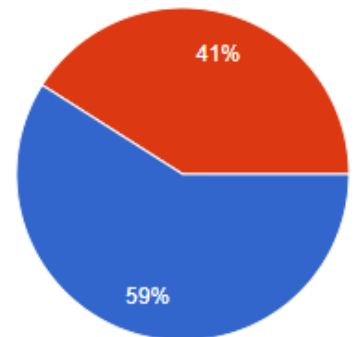
From the above graph we can infer that, as far as the respondents' response for 'I pay my bill on time' Distribution is concerned, the major group is of Often (25.8%) whereas the minor group is of Never (4.9%). Also group sometime having responses 21.3%

and for group Always, it is 25%. However, group rarely is of responses 23%.

4. High inflation means that the cost of living is increasing rapidly.

6. High inflation means that the cost of living is

239 responses

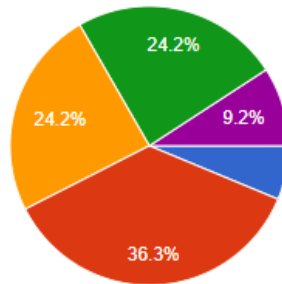


Interpretation:

From the above graph we can infer that, as far as the respondents' response for 'High inflation means that the cost of living is increasing rapidly' Distribution is concerned, the major group is of Yes (59%) whereas the minor group is of No (41%)

5. Money is there only to be spent.

240 responses

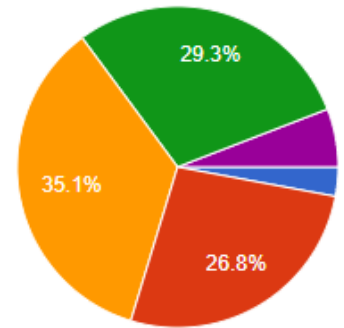


Interpretation:

From the above graph we can infer that, as far as the respondents' response for '**Money is there only to be spent**' Distribution is concerned, the major group is of Agree (36.3%) whereas the minor group is of Completely agree (6.1%). Also group completely Disagree having responses 9.2% and for Disagree group, it is 24%. However, group Neutral is of responses 24%.

6. I have got a clear idea of the sorts of financial products or services that I need without consulting a financial adviser.

239 responses

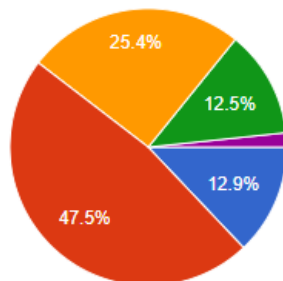


Interpretation:

From the above graph we can infer that, as far as the respondents' response for '**I've got a clear idea of the sorts of financial products or services that I need without consulting a financial adviser**' Distribution is concerned, the major group is of Neutral (35.1%) whereas the minor group is of Completely Agree (4.99%). Also, group Agree having responses 26.8% and for group Disagree, it is 29.3%. However, group Completely Disagree is of responses 4.99%.

7. What would you rate your level of financial knowledge?

240 responses



Interpretation:

From the above graph we can infer that, as far as the respondents' response for 'What would you rate your level of financial knowledge?' Distribution is concerned, the major group is of A little knowledgeable (47.25%) whereas the minor group is of very knowledgeable (1.45%). Also group Sufficient knowledgeable having responses 12.5% and for group Knowledgeable, it is 25.50%. However, group Not at all knowledgeable is of responses 12.9%.

FACTORS INFLUENCING THE FINANCIAL LITERACY AMONG STUDENTS IN MAHARASHTRA

The financial literacy among Students in Maharashtra is highly

influenced by several factors. The major factors are discussed as follows:

Lack of student's centric financial schemes:

Many financial institutions offer standard financial services and fail to create tailored financial plans for students. Additionally, products that prioritize business interests over student needs contribute to a lack of financial literacy among students in Maharashtra.

Lack of accessibility:

Financial institutions are predominantly situated in remote locations, distant from the residences or business activities of students. As a result, students often perceive traveling to these institutions as both costly and time-consuming. This issue is particularly prevalent among students living in rural areas.

Lack of information on existing financial services and requirements:

Many students remain uninformed about the financial services that are accessible to them, as numerous financial institutions promote their offerings primarily through mainstream media and billboards. This lack of awareness serves as a significant barrier to achieving financial literacy. Consequently, the deficiency in financial knowledge and understanding significantly contributes to their reliance on family for investment and financial planning.

Less rewarding benefits:

Elevated interest rates applied to loans, coupled with substantial fees for the

maintenance and operation of savings accounts, as well as minimal interest rates offered on deposits in these accounts, deter numerous students from pursuing these financial services.

Lack of basic education:

In Maharashtra, the deficiency in fundamental education and the absence of computer skills contribute significantly to the low levels of financial literacy among students in the region.

Few initiatives taken by the government are highlighted as follows:

➤ **Reserve Bank of India (RBI)-**

The Reserve Bank of India (RBI) serves as a primary regulatory authority. As the overseer of the money market and banking sector, the RBI has initiated programs aimed at enhancing financial literacy, including both general and sector-specific education. These initiatives encompass resources such as financial knowledge facilitators, publications, and informational materials that address fundamental financial principles, including savings, interest concepts, time value of money, and inflation. Additionally, the RBI addresses various topics to support businesses, such as ATMs, payment systems,

Ponzi schemes, and campaigns to raise financial awareness.

➤ **Securities and Exchange Board of India (SEBI)-**

SEBI places significant emphasis on improving foundational financial education as well as sector-specific financial education. As the regulatory authority for the Indian capital and securities markets, it organizes events akin to World Investor Week and large-scale media campaigns. Additionally, SEBI maintains a dedicated website for investors.

➤ **Insurance Regulatory and Development Authority of India (IRDAI)-**

The IRDAI is actively engaged in content development, producing materials such as leaflets and textbooks to enhance financial literacy and consumer awareness. It has established a mandatory policy, approved by the board, requiring insurers to participate in these initiatives, and organizes vibrant forums and quiz programs aimed at promoting financial literacy.

➤ **Pension Fund Regulatory and Development Authority (PFRDA)-**

A dedicated platform titled "Pension Sanchay" was launched by the PFRDA in 2018 to meet the growing need for

financial literacy, particularly in the context of withdrawal planning. The content of this website focuses on four key principles essential for decision-making within the financial landscape: interest rates, the compounding of interest, risk diversification, and asset allocation. To provide valuable insights into the fundamentals of finance, banking, and investment, officials from the authority are available for consultation, and finance professionals contribute articles in a dedicated blog section of the website.

Measures for Enhancing the Financial Literacy Among Students in Maharashtra.

Although several initiatives are taken by government for spreading financial education across the country, yet there are several issues faced by the women due to which they are unable to acquire financial education.

➤ **Training-**

One of the finest ways to help students develop the habit of knowing financial concepts is through training. The majority of students have reluctance while handling financial concerns due to inadequate training. Thus, it is necessary to occasionally arrange training courses especially for students in order to improve their financial management skills.

➤ **Financial awareness and Education-**

Pupils need to have diverse financial literacy that is intertwined with their enterprises, lives, and means of subsistence. This covers knowledge of financial services, managing debt, investing, budgeting, saving, and financial negotiating. Thus, programs and seminars on financial awareness are required to teach them the terminology related to money. Programs for financial education should pay special attention to crucial elements of life planning, such as debt, insurance, pensions, and basic savings.

➤ **Establish nearby Institution-**

Another issue that students encounter is distance, since many financial institutions are situated far from the residences of their pupils. Banks, post offices, insurance providers, and other businesses must open branches close to residential housing in order to address this issue. For students who are hired as bank representatives, this also offers more revenue prospects.

➤ **Better Technology-**

The use of information and communications technology (ICTs) can help women become more financially literate. The impoverished now have more access to mobile devices, which can facilitate training and financial information access. It can be beneficial to use media channels like the internet, television,

and periodicals to spread financial literacy education across the nation.

➤ **E-learning-**

Another effective teaching instrument for instruction, information exchange, and global best practices is e-learning.

CONCLUSION -

The Government of India is currently making significant efforts to promote financial inclusion throughout the nation. Financial inclusion refers to the process of providing access to suitable financial products and services for all segments of society, particularly focusing on vulnerable groups such as the economically disadvantaged and low-income populations, in a manner that is both affordable and transparent, facilitated by mainstream financial institutions. Achieving financial inclusion is essential for India to establish itself as a global player and is crucial for the nation's growth and development. This objective can be realized through the promotion of financial literacy, which involves disseminating financial education to the populace across the country.

It is essential to establish additional financial literacy programs and institutions to enhance awareness of financial terminology among students. This initiative will promote financial inclusion for students and contribute to the overall development of the nation.

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