

FINANCIAL LITERACY AMONG YOUNG INVESTORS: A CASE STUDY OF RAJKOT CITY

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ABSTRACT

Financial literacy is a major challenge facing all countries globally. The purpose of this study is to assess the level of financial literacy among the youth of Rajkot city. Rajkot is the fourth largest city in the state of Gujarat. The most important segment of the population is the youth to be enthusiastic, dynamic, innovative and dynamic in nature. The capacity and development potential of a country is determined by the size of its young population.

Financial literacy is a combination of one's knowledge, skills and attitude towards financial matters. It helps make informed decisions and the well-being of the individual. In today's world market with complex products, the need for financial literacy becomes a necessity. In a country like India where the young population is high, the government is in a position to raise the level of financial literacy. Non-financial education is included in schools and universities.

LITERATURE REVIEW

- **Shanti. S A.V.N. Murty (2019)** her study based on 'The Impact of Financial Literacy on women in Several Districts of Andhra Pradesh'. This study focuses on the how different socio demographic factors influences the financial literacy of women in several district of Andhra Pradesh. The results show that educational age and income level has positive impact on financial literacy where education level is not associate with financial literacy.
- **Vedika Kedia (2018)** has conducted 'Financial Literacy in Mumbai: An Analysis of College Students in Mumbai'. This research surveys 419 college students to examine their financial literacy; the impact of demographic, educational and personality characteristics on financial literacy. ANOVA, Mean and logistic regression were used for carrying out analysis. Results show that most of the students do not have the basic level of financial knowledge

RESEARCH DESIGN:

OBJECTIVES OF THE STUDY:

- To measure the financial literacy and behaviour of the young investors.
- To analyse the age group of the young investors.

HYPOTHESES OF THE STUDY

H₀= There is no significant difference between Age group and responses of young investors on various issues related to financial literacy and behaviour.

SAMPLING DESIGN:

The researcher has adopted sampling approach to this study has been based on convenient sample survey of 75 respondent. The study comprised young investors between 21 to 40 years of age of the Rajkot City

DATA COLLECTION

The data are collected through **Questionnaire** and this study is based on the **Primary data**

TOOLS AND TECHNIQUES USED FOR DATA ANALYSIS:

- Tools:-Average, Statistical technique:- ANOVA

DATA ANALYSIS

Age group: Analysis of age group of young investors on various issues related to financial literacy and behaviour is given below. Where G1 is denoted as Group1 (21- 25 years) G2 as Group 2(26-30 years), G3 as Group 3(31-35 years) and G4 as Group 4(36 to 40 years).

(Age Group)

Table no1.1

An opinion of respondents in relation to investment activity is necessary for healthy financial life

Level of Opinion & Points	No. of Respondents					Total score of Response				
	G1	G2	G3	G4	T	G1	G2	G3	G4	T
Strongly agree (5)	24	14	8	3	49	120	70	40	15	245
Agree (4)	12	6	0	4	22	48	24	0	16	88
Somewhat agree (3)	4	0	0	0	4	12	0	0	0	12
Disagree (2)	0	0	0	0	0	0	0	0	0	0
Strongly disagree (1)	0	0	0	0	0	0	0	0	0	0
Total	40	20	8	7	75	108	94	40	31	345
Weighted average						4.50	4.70	5.00	4.43	4.60

(Source: Computed from the questionnaire)

Table no.1.2

An opinion of respondents in relation to market information & skills are necessary in investment decision.

Level of Opinion & Points	No. of Respondents					Total score of Response				
	G1	G2	G3	G4	T	G1	G2	G3	G4	T
Strongly agree (5)	20	6	4	3	33	100	30	20	15	165
Agree (4)	13	14	4	4	35	52	56	16	16	140
Somewhat agree (3)	6	0	0	0	6	18	0	0	0	18
Disagree (2)	1	0	0	0	1	2	0	0	0	2
Strongly disagree (1)	0	0	0	0	0	0	0	0	0	0
Total	40	20	8	7	75	172	86	36	31	325
Weighted average						4.30	4.30	4.50	4.43	4.33

(Source: Computed from the questionnaire)

Table no 1.3

An opinion of respondents in relation to Interest rate affect on investment decision

Level of Opinion & Points	No. of Respondents					Total score of Response				
	G1	G2	G3	G4	T	G1	G2	G3	G4	T
Strongly agree (5)	18	9	5	3	35	90	45	25	15	175
Agree (4)	13	9	2	3	27	52	36	8	12	108
Somewhat agree (3)	9	2	0	1	12	27	6	0	3	36
Disagree (2)	0	0	1	0	1	0	0	2	0	2
Strongly disagree (1)	0	0	0	0	0	0	0	0	0	0
Total	40	20	8	7	75	169	87	31	30	321
Weighted average						4.23	4.35	4.38	4.29	4.28

(Source: Computed from the questionnaire)

Table no 1.4

An opinion of respondents in relation to necessity of calculation of risk factor before making an investment

Level of Opinion & Points	No. of Respondents					Total score of Response				
	G1	G2	G3	G4	T	G1	G2	G3	G4	T
Strongly agree (5)	17	9	3	3	32	85	45	15	15	160
Agree (4)	20	9	3	4	36	80	36	12	16	144
Somewhat agree (3)	3	2	1	0	6	9	6	3	0	18
Disagree (2)	0	0	1	0	1	0	0	2	0	2
Strongly disagree (1)	0	0	0	0	0	0	0	0	0	0
Total	40	20	8	7	75	174	87	32	31	324
Weighted average						4.35	4.35	4.00	4.43	4.32

(Source: Computed from the questionnaire)

Table no 1.5

An opinion of respondents in relation to before they buy something they carefully consider whether they can afford it.

Level of Opinion & Points	No. of Respondents					Total score of Response				
	G1	G2	G3	G4	T	G1	G2	G3	G4	T
Strongly agree (5)	31	16	3	2	52	155	80	15	10	260
Agree (4)	9	3	2	5	19	36	12	8	20	76
Somewhat agree (3)	0	1	1	0	2	0	3	3	0	6
Disagree (2)	0	0	0	0	0	0	0	0	0	0
Strongly disagree (1)	0	0	2	0	2	0	0	3	0	2
Total	40	20	8	7	75	191	95	28	30	344
Weighted average						4.78	4.75	3.50	4.29	4.59

(Source: Computed from the questionnaire)

Table no 1.6

An opinion of respondents in relation to they pay own bills on time.

Level of Opinion & Points	No. of Respondents					Total score of Response				
	G1	G2	G3	G4	T	G1	G2	G3	G4	T
Strongly agree (5)	17	14	3	5	39	85	70	15	25	195
Agree (4)	17	6	3	1	27	68	24	12	4	108
Somewhat agree (3)	5	0	2	1	8	15	0	6	3	24
Disagree (2)	1	0	0	0	1	2	0	0	0	2
Strongly disagree (1)	0	0	0	0	0	0	0	0	0	0
Total	40	20	8	7	75	170	94	33	32	329
Weighted average						4.25	4.70	4.13	4.57	4.39

(Source: Computed from the questionnaire)

Table no 1.7

An opinion of respondents in relation to they keep a close personal watch on own financial affairs

Level of Opinion & Points	No. of Respondents					Total score of Response				
	G1	G2	G3	G4	T	G1	G2	G3	G4	T
Strongly agree (5)	19	15	4	5	43	95	75	15	25	215
Agree (4)	9	3	2	2	16	36	12	8	8	64
Somewhat agree (3)	7	2	1	0	10	21	6	3	0	30
Disagree (2)	5	0	1	0	6	10	0	2	0	12
Strongly disagree (1)	0	0	0	0	0	0	0	0	0	0
Total	40	20	8	7	75	162	93	33	33	321
Weighted average						4.05	4.65	4.13	4.71	4.28

(Source: Computed from the questionnaire)

Table no 1.8

An opinion of respondents in relation to they set long term financial goals and strive to achieve them

Level of Opinion & Points	No. of Respondents					Total score of Response				
	G1	G2	G3	G4	T	G1	G2	G3	G4	T
Strongly agree (5)	21	14	3	5	43	105	70	15	25	215
Agree (4)	9	4	1	2	16	36	12	4	8	64
Somewhat agree (3)	10	1	1	0	12	33	3	3	0	36
Disagree (2)	0	0	2	1	3	0	0	4	2	6
Strongly disagree (1)	0	1	0	0	1	0	1	0	2	3
Total	40	20	8	7	75	174	86	26	37	323
Weighted average						4.28	4.50	3.35	5.29	4.33

(Source: Computed from the questionnaire)

Table no 1.8

Average score of the responses of respondents on different issues

Questions	Age Groups				
	Group 1	Group 2	Group 3	Group4	Total
1	4.50	4.70	5.00	4.43	18.63
2	4.30	4.30	4.50	4.43	17.53
3	4.23	4.35	4.38	4.29	17.24
4	4.35	4.35	4.00	4.43	17.13
5	4.78	4.75	3.50	4.29	17.31
6	4.25	4.70	4.13	4.57	17.65
7	4.05	4.65	4.13	4.71	17.54
8	4.28	4.50	3.25	5.29	17.31

ANALYSIS

Table no 1.8 shows the mean of different responses related to various issues of financial literacy and behaviour. Which shows that Q1 has highest total of means which suggested that respondents

are strongly believes that investment activity is necessary for healthy financial life. In this table Q4 has lowest total mean that suggests that they give less preference to the issue of necessity of calculation of risk factor before making an investment.

Table no 1.9

Anova test according to Average score of the responses of respondents on different issues (Base: Age group)

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	1.036885	3	0.345628	2.800111	0.05826	2.946685
Within Groups	3.456145	28	0.123434			
Total	4.493029	31				

(Source: Computed from the questionnaire)

From the above table researcher can conclude that the p value is greater than 0.05 at 5 percent level of significance. So the null hypothesis is accepted. Therefore, there is no significant difference between Age group and responses of young investors on various issues related to financial literacy and behaviour.

LIMITATIONS OF THE STUDY

- This study is limited to young investors only.
- The present study is of 50 respondents of Rajkot city only.
- The researcher based on the primary data.
- This study is limited to age group of demographic variables only.
- The statistical techniques have their own limitations.

REFERENCES

1. Shanti.S A.V.N. Murty (2019).The Impact of Financial Literacy on women in Several Districts of Andhra Pradesh. *International Journal of Recent Technology and Engineering (IJRTE)*.
2. Vedika Kedia (2018).Financial Literacy in Mumbai: An Analysis of College Students in Mumbai.*ZENITH International Journal of Business Econ.*