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# FINANCIAL LITERACY AND INVESTMENTSPATTERN AMONGST YOUTH

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## ABSTRACT

Economic growth and development of any country depends upon a wellorganisedfinancial system. Financial system comprises, a set of subsystem of financial institution, financial markets, financial instruments,andservices,whichhelptheformationofcapital.Itprovidesamechanismthrough which saving are transformed to investment. For centuries Indiahasbeena"saving"countrythatconventionallyorunconventionallyinvestincashorkind.However,thissavingmaynotbeinformalmanner.Itcouldhavebeeninthehousehold.ThemostpreferredInvestmentAvenueforthepeople of our country from generations are in saving accounts, fixeddeposits,gold and land.Financial literacy and investments from different layers of economy boostupthecountry'seconomicdevelopment.Financialliteracyistheroadmapfor the success of efforts put forward by government for the financialinclusioninthecountry

**Key words**: financial management, financial literacy, investment, financial skills

# 1.Introduction

Financial literacy refers to the ability of an individual to understand and apply  differentfinancial information and knowledge for personal  financialmanagement,budgeting, and saving. Financial literacy makes individuals become self-dependent,sothat financialstabilitycanbe achieved in  daily life.

It is generally observed that individual who have less information about financial management they are facing  difficulties to make  investment decision.. Financial literacy and investment decision are goes parallelly.  It is clear understanding of available financial avenues with its adequate return. Financial literacy rate in India not much good as compare to  other countries. The Government and various institution like RBI, SEBI are conducting many programme for creating financial awareness in the urban and the rural areas.

AsmentionedbyTheOrganizationforEconomicCo-operation& Development (OECD)

**Financial Literacy** isa combination of financialawareness, knowledge, skills, attitude and

behavior   necessary   tomakesoundfinancialdecisionsandultimatelyachieveindividualfinancialwell-being(OECD,   2012).   **Financial   Education**,   on   the   other   hand istheprocessbywhichfinancialconsumers/investorsimprovetheirunderstandingoffinancialproducts,

conceptsandrisksandthroughinformation, instruction and/or objective advice, develop theskillsandconfidence to become more aware of financial risks and opportunities, tomake informed choices, to know where to go for help and to take othereffectiveactions toimprovetheirfinancialwell-being.

As per The President's Advisory Council on Financial Literacy (USA),Financial literacy is theability to use knowledge and skills to managefinancial resources effectively for a lifetime of financial well-being andFinancialeducationistheprocessbywhichpeopleimprovetheirunderstandingof financial products, services and concepts, so they areempowered to make informed choices, avoid pitfalls, know where to gofor help and take other actions to improve their present and long-termfinancialwell-being.

## 2. Literature Review

FinancialEducationProgramforAdults(FEPA)isanewinitiativestartedby NCFE. FEPA is aimed at providing basic financial education to theadultsection ofunder-served areasof India,especiallyruralIndia.

**ReserveBankofIndia:**RBIhasprescribedthefollowingcontentforBasicFinancial Education: FinancialLiteracyguide,FinancialDiaryandsetof16posterspreparedbyRBISpecial camps booklet prepared by NCFE for people newly inducted intothe financial system which captures the fundamental tenets of financialwellbeingsuchassavings,borrowings,conceptofinterestandcompounding, time value of money, inflation, relation between risk andrewardsetc.

**Sector Focused Financial Education:** The content covers relevant topicsinthebankingsectorsuchasATMs,paymentsystemssuchasNEFT,UPI,USSD, awareness about sachet portal, keeping away from Ponzi schemes,fictitiousemails/calls,KYC,ExercisingCreditDiscipline,Business Correspondents etc. A Financial Awareness Messages (FAME) bookletcomprising of 20 messages for the general public and five Posters onfinancialliteracyfortheFinancialLiteracyWeekhavebeenmadeavailable onthe FinancialEducation webpage ofRBI'swebsite

## 3.Objectives:

The objective of the study is to find the relation between the financial literacy and investment pattern amongst youth

1. To study the financial literacy pattern amongst youth

2. To study the investment pattern.

3. To study the preferences of investment avenues with relation knowledge and information

## 4.Research Methodology

The data is mainly collected through primary sources and some secondary sources. The secondary sources are published sources and websites. To collect the relevant data to carry the research study a questionnaire was floated with several questions on various variables. The survey was targeted the population residing in Mumbai region. The total responses received are 78   from Mumbai region.

The Demographic was based on age, education, gender, knowledge of finance management and investments

## 5.Data Analysis:

GenderoftheRespondent

|  | NoofRespondents | Proportion(%) |
|---|---|---|
| Male | 35 | 44.87 |
| Female | 43 | 55.13 |
| Total | 78 | 100 |
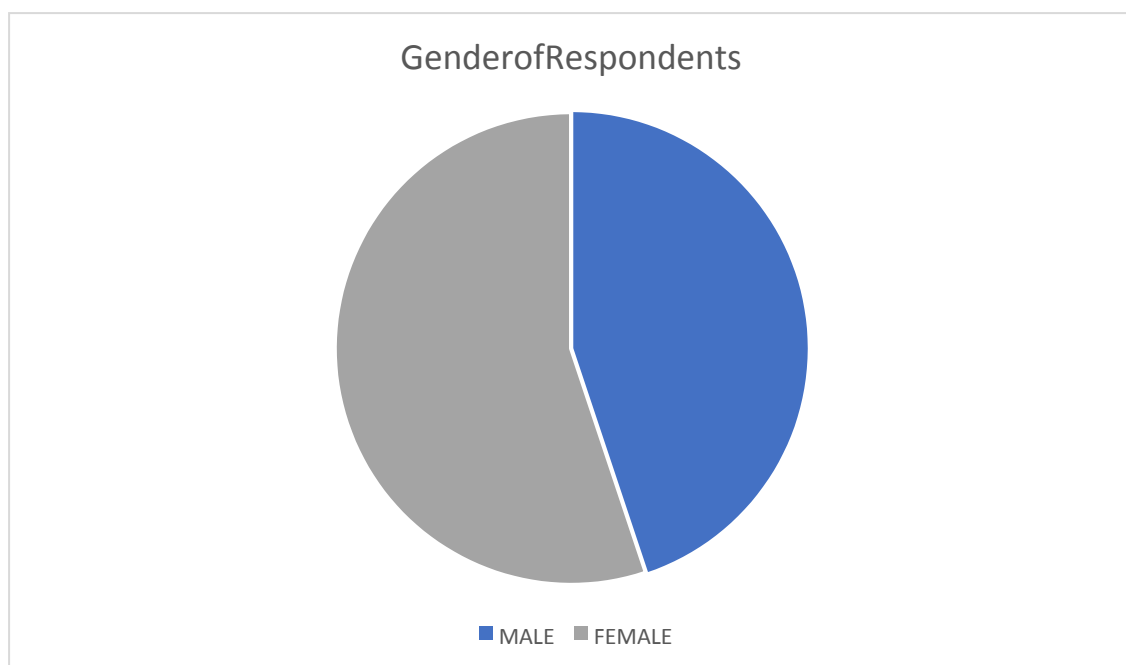


**GenderofRespondents**

**Interpretation:** The survey conducted from total 78 respondents which include 35 male and 43 femalerespondents

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**AgeofRespondents(Nos)**

| Age | Male | Female | Total |
|---|---|---|---|
| 21 to 25 | 20 | 19 | 39 |
| 26 to 30 | 7 | 11 | 18 |
| 31 to 35 | 8 | 13 | 21 |
| Total | 35 | 43 | 78 |

**AgeofRespondents(%)**

| Age | Male | Female | Total |
|---|---|---|---|
| 21 to 25 | 25.64 | 24.36 | 50.00 |
| 26 to 30 | 8.97 | 14.10 | 23.07 |
| 31 to 35 | 10.26 | 16.67 | 26.93 |
| Total | 44.87 | 55.13 | 100.00 |
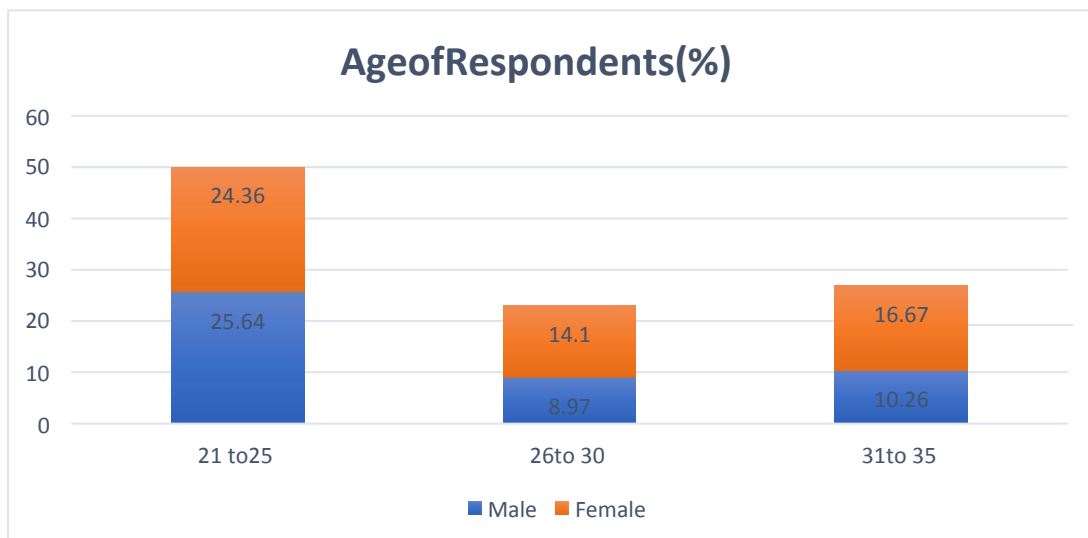


**Interpretation:**

Thetableandgraphgivesthedemographicclassificationofthepopulationonthe basisoftheirage:

1.  21to25agegroupyouthjuststartedearningorinitiatetostarttheirearningswithless/no liabilities

2. 26to30groupyouthwhichcomeunderfull-

   fledgedearningwithorwithoutliabilities

3. 31to35groupyouthwhichcome underfull-fledged earningandwithliabilities

## OccupationofRespondent(Nos)

|  | Male | Female | Total |
|---|---|---|---|
| Salaried | 14 | 26 | 40 |
| SelfEmployed | 4 | 5 | 9 |
| Business | 7 | 4 | 11 |
| Students | 10 | 8 | 18 |
| Total | 35 | 43 | 78 |

## Occupationofrespondents(%)

|  | Male | Female | Total |
|---|---|---|---|
| Salaried | 17.95 | 33.33 | 51.28 |
| SelfEmployed | 5.13 | 6.41 | 11.54 |
| Business | 8.97 | 5.13 | 14.10 |
| Students | 12.82 | 10.26 | 23.08 |
| Total | 44.87 | 55.13 | 100.00 |
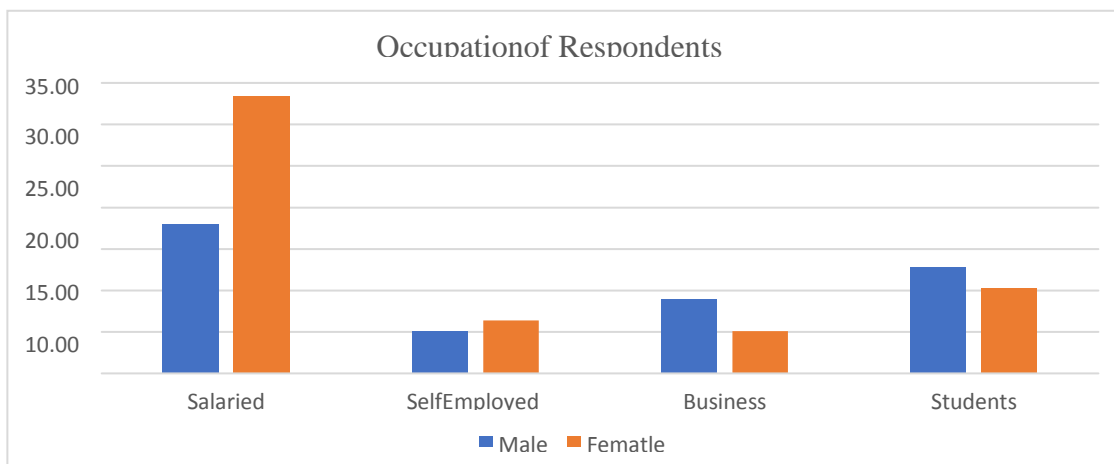


**OccupationofRespondents**

Interpretation:
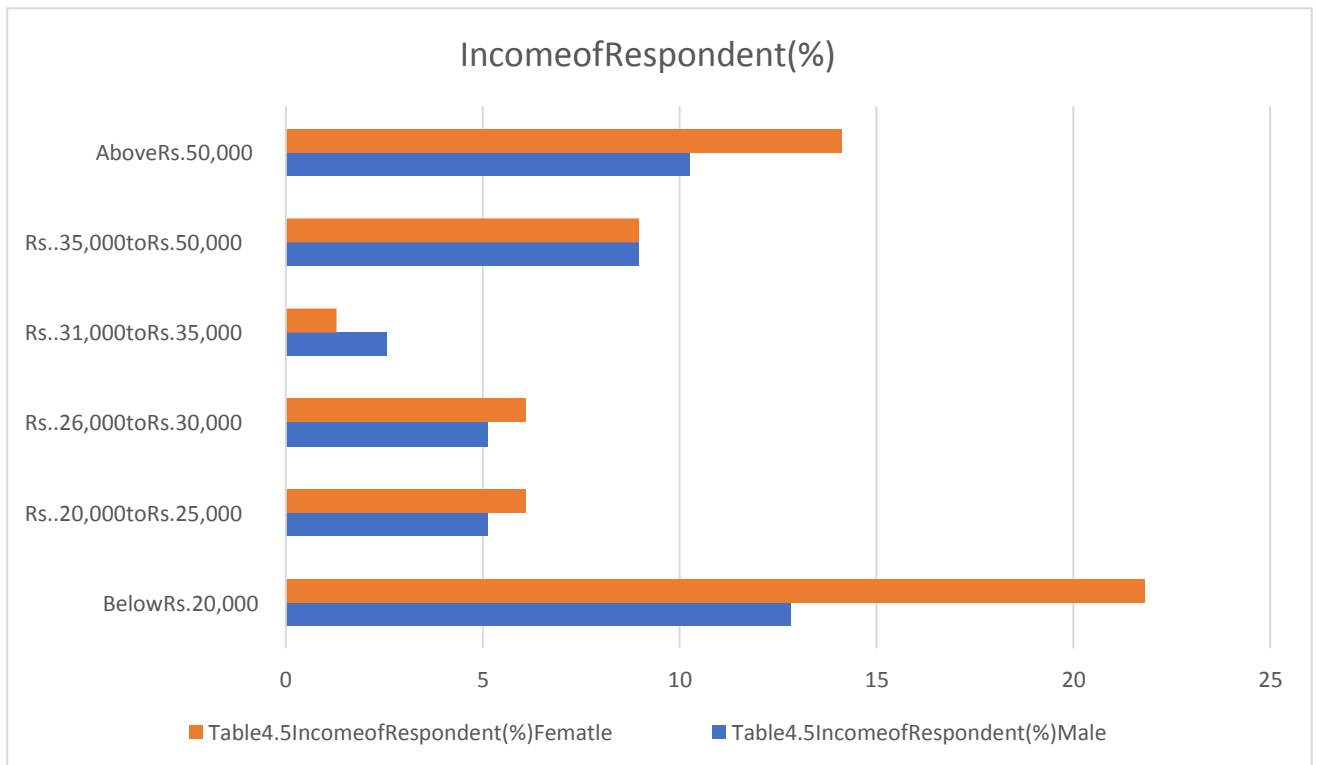
Thetableandgraphgivethedemographicclassificationofthepopulationonthe basisof their occupation which shows more Salaried respondent as compared with businessandself-employedrespondents

**IncomeofRespondent(Nos)**

|  | Male | Female | Total |
|---|---|---|---|
| BelowRs.20,000 | 10 | 14 | 24 |
| Rs..20,000toRs.25,000 | 4 | 5 | 9 |
| Rs..26,000toRs.30,000 | 4 | 5 | 9 |
| Rs..31,000toRs.35,000 | 2 | 1 | 3 |
| Rs..35,000toRs.50,000 | 7 | 7 | 14 |
| AboveRs.50,000 | 8 | 11 | 19 |
| Total | 35 | 43 | 78 |

**IncomeofRespondent(%)**

|  | Male | Female | Total |
|---|---|---|---|
| BelowRs.20,000 | 12.82 | 21.8 | 34.62 |
| Rs..20,000toRs.25,000 | 5.13 | 6.1 | 11.23 |
| Rs..26,000toRs.30,000 | 5.13 | 6.1 | 11.23 |
| Rs..31,000toRs.35,000 | 2.56 | 1.28 | 3.84 |
| Rs..35,000toRs.50,000 | 8.97 | 8.97 | 17.94 |
| AboveRs.50,000 | 10.26 | 14.1 | 24.36 |
| Total | 44.87 | 55.13 | 100.00 |

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**IncomeofRespondents**

**Interpretation:**

The table and graph give the demographic classification of the population on thebasis of their income which shows more female respondents have less income ascomparetomalerespondents

**MaritalStatusof Respondent(Nos)**

|  | Male | Female | Total |
|---|---|---|---|
| Unmarried | 25 | 26 | 51 |
| Married | 10 | 17 | 27 |
| Total | 35 | 43 | 78 |
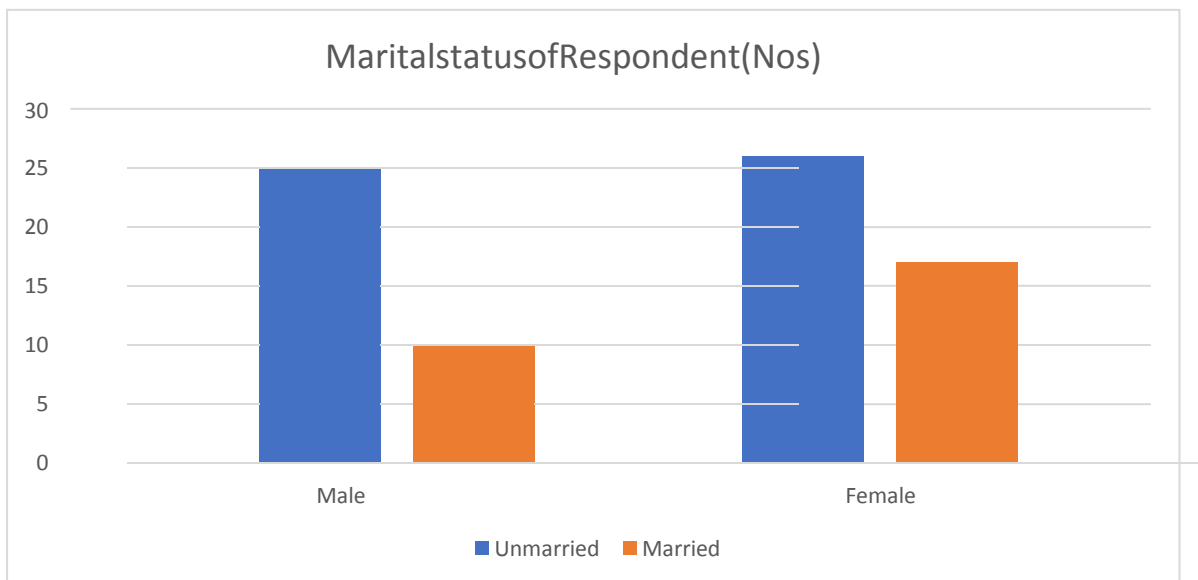


**MaritalStatusofRespondents**

**Interpretation:**

The table and graph give the demographic classification of the population on thebasis of their marital status which shows that 65.38% respondents are unmarriedand34.62aremarried

**SavinghabitsamongstRespondent(Nos)**

|  | Yes | No | Sometime |
|---|---|---|---|
| Male | 19 | 6 | 10 |
| Female | 25 | 1 | 17 |
| Total | 44 | 7 | 27 |

**SavinghabitsamongstRespondent(%)**

|  | Yes | No | Sometime |
|---|---|---|---|
| Male | 43.18 | 85.71 | 37.04 |
| Female | 56.82 | 14.29 | 62.96 |
| Total | 100 | 100 | 100 |

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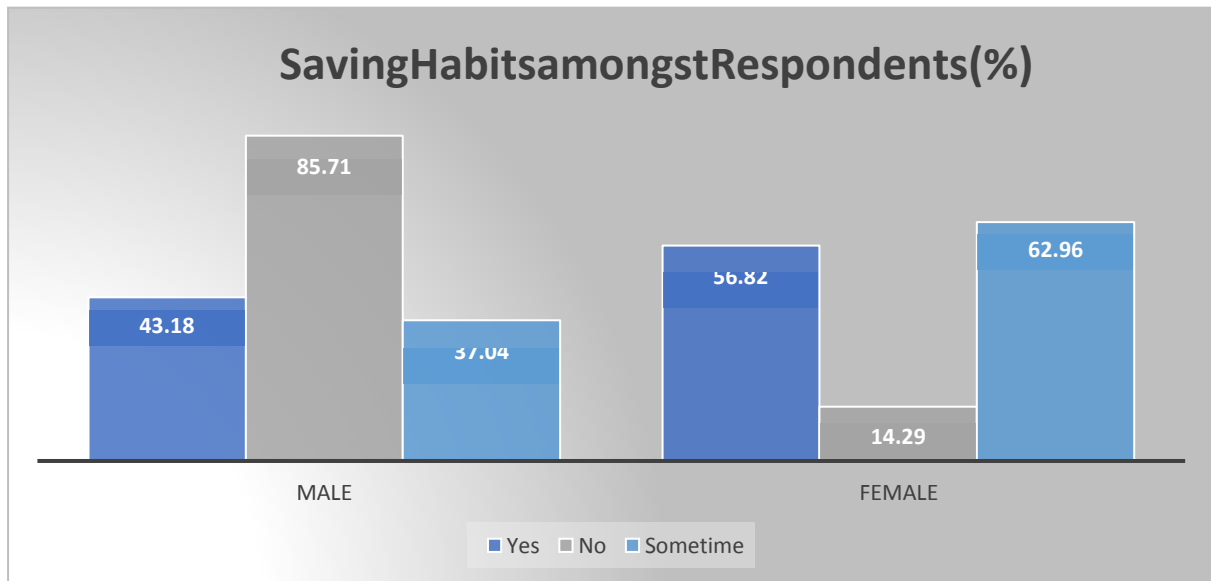


**SavingHabitsofRespondents**

**Interpretation**:

The table and graph give the demographic classification ofsaving habits, showsthat female population have more saving habits ascompared withmalepopulation.

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**IncomeandinvestmentHabitsofRespondents(Nos)**

| %ofInvestment(outofincome) | Male | Female | Total |
|---|---|---|---|
| 0 to 5% | 13 | 14 | 27 |
| 5% to 10% | 4 | 7 | 11 |
| 10% to 20% | 9 | 10 | 19 |
| 20% to 30% | 4 | 4 | 8 |
| 30% to 50% | 3 | 5 | 8 |
| 50%andabove | 2 | 3 | 5 |
| Total | 35 | 43 | 78 |
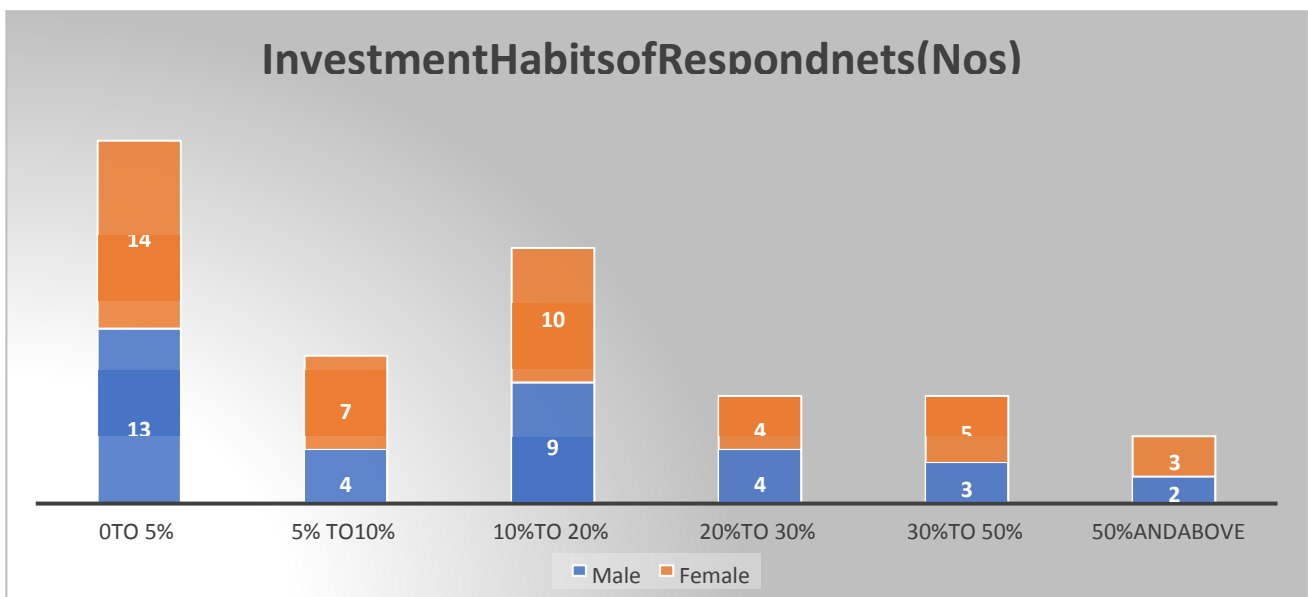


**InvestmentHabitsofRespondents**

**Interpretation:**

The table andgraph give the demographic classification ofinvestmenthabits,shows that female populationhavemore investmenthabits ascomparedwithmalepopulation.

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**Respondent's Information onReturn on Investments(Nos)**

|  | VeryLow | Low | Moderate | High | Don't Know | Total |
|---|---|---|---|---|---|---|
| SavingAccount | 38 | 9 | 26 | 4 | 1 | 78 |
| Recurringdeposits | 20 | 21 | 26 | 8 | 3 | 78 |
| FixedDeposits | 24 | 20 | 24 | 7 | 3 | 78 |
| MutualFunds | 16 | 10 | 32 | 15 | 5 | 78 |
| Shares | 17 | 11 | 28 | 18 | 4 | 78 |
| Bonds/ Debtinstruments | 18 | 16 | 32 | 8 | 4 | 78 |
| Gold/Silver /Preciousstone | 16 | 10 | 42 | 5 | 5 | 78 |
| InsuranceSchemes | 12 | 21 | 39 | 5 | 1 | 78 |
| Real Estate | 4 | 17 | 29 | 22 | 6 | 78 |
| SIP | 14 | 17 | 28 | 15 | 4 | 78 |
| DigitalCurrency | 17 | 21 | 22 | 11 | 7 | 78 |
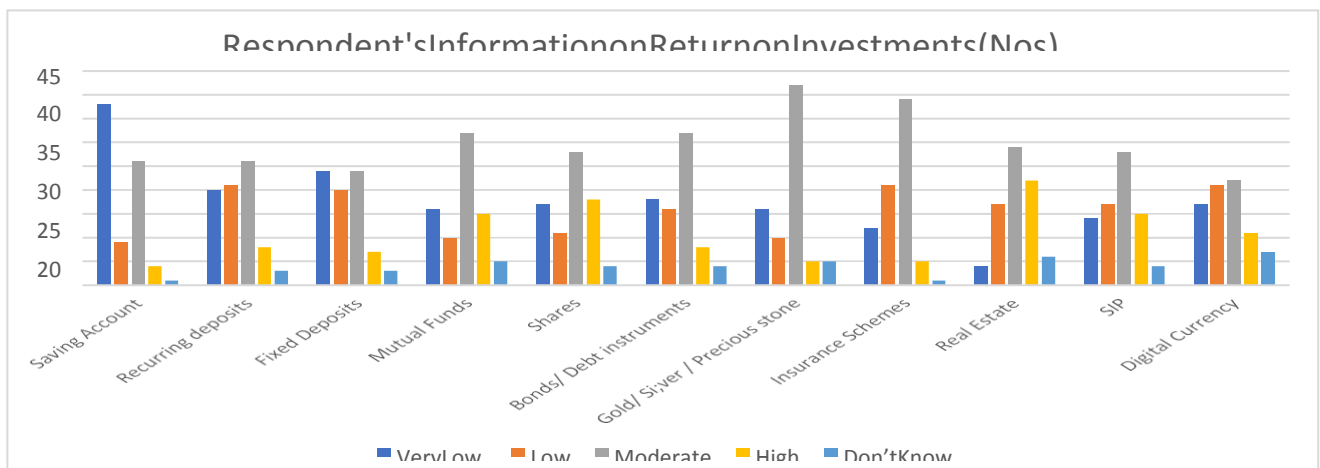


**Respondent'sInformationonReturnonInvestments**

**Interpretation:**

The table and graph give the demographic classification of respondent's knowledge on various return which shows that there islack ofproper financial information amongst youthwhichaffectstheinvestmentdecisions.

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**Investmentpattern(Nos)**

|  | Yes | No | Total |
|---|---|---|---|
| SavingAccount | 78 | 0 | 78 |
| Recurringdeposits | 28 | 50 | 78 |
| FixedDeposits | 52 | 26 | 78 |
| MutualFunds | 35 | 43 | 78 |
| Shares | 44 | 34 | 78 |
| Bonds/Debtinstruments | 16 | 62 | 78 |
| Gold/Silver/Preciousstone | 43 | 35 | 78 |
| InsuranceSchemes | 21 | 57 | 78 |
| RealEstate | 18 | 60 | 78 |
| SIP | 43 | 35 | 78 |
| DigitalCurrency | 37 | 41 | 78 |
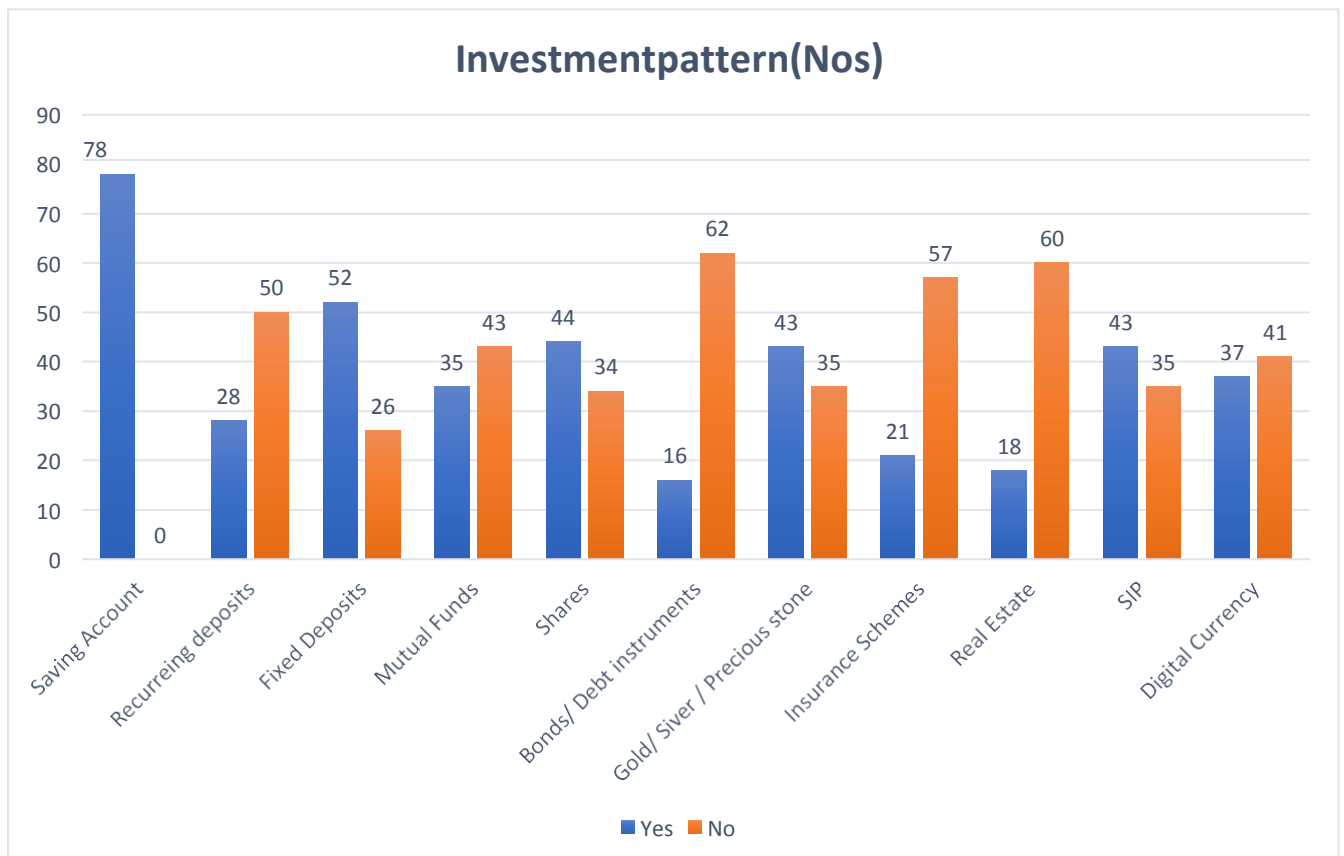


Investmentpattern(Nos)

**Interpretation:**

Thetableandgraphgivethedemographicclassificationofthepopulationinvestmentamongstyouth .Majorityof the population investin traditionasmoderninvestmentavenues.

**WillingnesstotakeInvestmentRisk(Nos)**

|  | NoofRespondents |
|---|---|
| NoRisk | 12 |
| LowRisk | 22 |
| Moderate Risk | 40 |
| HighRisk | 4 |
| Total | 78 |
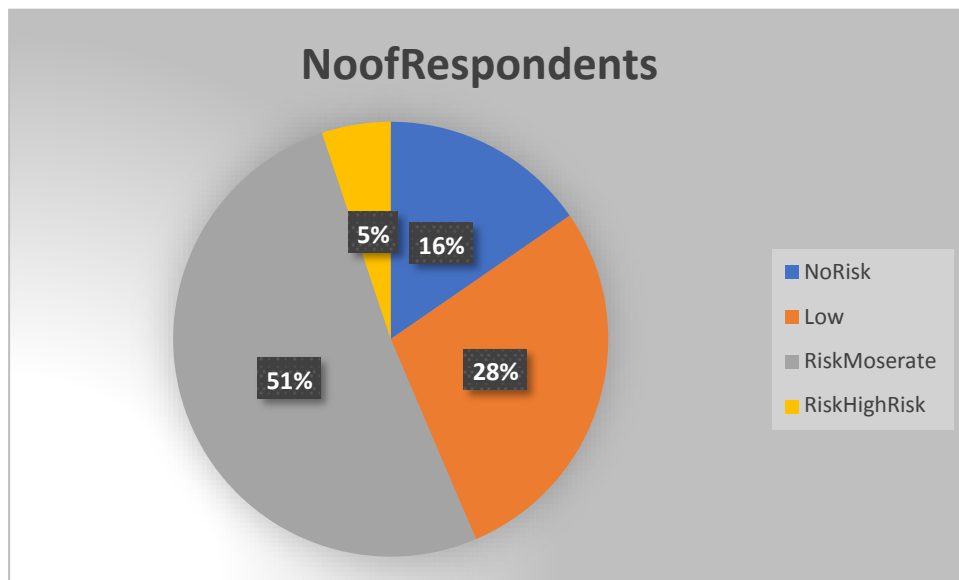


**WillingnesstoInvestment Risk**

**Interpretation:**

Thetableandgraphgivethedemographicclassificationofthepopulationrisktakingappetiteininves tmentamongstyouth. Majorityof the populationwillingtomoderaterisk

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## HypothesisTesting

To prove the objectives of the study following hypothesis are framed and prove with help of statisticaltooli.e. Annonamethod.

H1:Thereissignificantrelationshipbetweenfinancialliteracyandinvestmentsdecision.

| ImpactoffinancialLiteracyoninvestmentdecision | | | | |
|---|---|---|---|---|
| *Groups* | *Count* | *Sum* | *Average* | *Variance* |
| Yes | 2 | 31 | 15.5 | 40.5 |
| No | 2 | 8 | 4 | 0 |
| Can't | 2 | 27 | 13.5 | 12.5 |

| *SourceofVariation* | *SS* | *df* | *MS* | *F* | *P-value* | *Fcrit* |
|---|---|---|---|---|---|---|
| BetweenGroups | 151 | 2 | 75.5 | 4.27358491 | 0.132425 | 9.552094 |
| WithinGroups | 53 | 3 | 17.66666667 | | | |
| | | | | | | |
| Total | 204 | 5 | | | | |

The significant value is more than 0.05,Youth are gathering information before making invest invariousinvestmentsoption.

H2:Thereispositiveinfluenceoffinancialliteracyonyouthpopulation

| *Groups* | *Count* | *Sum* | *Average* | *Variance* |
|---|---|---|---|---|
| Yes | 5 | 168 | 33.6 | 637.3 |
| No | 5 | 222 | 44.4 | 637.3 |

| *Source ofVariation* | *SS* | *Df* | *MS* | *F* | *P-value* | *Fcrit* |
|---|---|---|---|---|---|---|
| BetweenGroups | 291.6 | 1 | 291.6 | 0.457555311 | 0.517844 | 5.317655 |
| WithinGroups | 5098.4 | 8 | 637.3 | | | |
| | | | | | | |
| Total | 5390 | 9 | | | | |

The significant value is more than 0.05,there is positive impact of financial literacy due to effortstakenbygovernment and variousapex institutionsin India

H3:Thepatternofinvestmentischangingamongsttheyouthpopulation

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| Groups | Count | Sum | Average | Variance |
|---|---|---|---|---|
| Yes | 11 | 415 | 37.727273 | 316.41818 |
| No | 11 | 443 | 40.272727 | 316.41818 |

| SourceofVariation | SS | Df | MS | F | P-value | Fcrit |
|---|---|---|---|---|---|---|
| BetweenGroups | 35.6363636 | 1 | 35.636364 | 0.1126243 | 0.740671 | 4.351244 |
| WithinGroups | 6328.36364 | 20 | 316.41818 | | | |
| | | | | | | |
| Total | 6364 | 21 | | | | |

Thesignificantvalueismorethan0.05,itshowsthatinvestmentpatternamongstyouthchanging.Youthareinvestingin marketable investmentsoptions

## 5.1 Conclusion

 If our youth will be educated about financial literacy, then this will be beneficial for our society,individual and whole community but very fewer people are aware about it. When our youth willhave the required skill then this will bring positive attention to the pull the cash inflow in the financial market. It results into the high level of fund circulation required for economic development.  The profit will be will in in the country and money more people will be beneficial which in turn the financial stability amongst Indian youth. It will our country towards financially sound and more powerful and stable economy.

 It is the moral responsibility of teachers, educational institute to support financial literacy and to make our youth financial educated. Fora success of any financial literacy programs there should be a motivated teacher, ample resources, relevantcurriculum,andinvolvementofcommunity.Herearesomeprincipleswhichshouldbekeptinmindwhilepreparingan effectivefinancialliteracyprogram:

➢ Clearmissionandvision
➢ Connectedtothestandards
➢ Relevant
➢ Communityfocused

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