



# FINANCIAL LITERACY AMONG YOUNGSTERS: A STUDY WITH SPECIAL REFERENCE TO BELTHANGADY TALUK

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## ABSTRACT

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*A strong financial system indicates healthy economic growth. Financial literacy is a stepping stone for financial inclusion. For the successful implementation of various schemes of financial inclusion, financial literacy is the primary stage. Literacy merely reflects knowledge and skill through education, whereas financial literacy indicates the skill and knowledge to manage the financial activities in everyday life. The Indian education system through its well defined curriculum tries to build the overall personality of the individual and helps to enhance people's access to current and upcoming changes in the economy. In this era of digitalisation, the education system should put more emphasis towards financial literacy. Financial literacy opens up a world of possibilities for young minds by empowering their financial knowledge. This paper tries to explore financial literacy among youngsters, especially focusing on young students pursuing their pre-degree, undergraduate and postgraduate studies in Belthangady taluk of Dakshina Kannada district of Karnataka.*

**KEYWORDS:** *Financial literacy, knowledge, skill, development, financial inclusion*

## 1. INTRODUCTION

Financial literacy helps individuals to monitor and control their financial activities. It teaches them how to deal with their daily routine requirements of money and how to secure their future financial needs. Effective management of money is a skill that helps a person to plan his income, expenditure, savings, investments, etc. in a manner that protects his financial stability and ensures a better standard of living. The government of India has introduced a financial inclusion concept with a

goal of bringing all the people of the country under financial bracket, i.e., to make an economy where all can access the various financial products and services. To make this goal a reality, the first initiative should be awareness among the people who are financially excluded. Hence the government has introduced various schemes and policies majorly focusing on empowering the rural poor so that they can be added to the concept of financial inclusion. One such initiative is financial literacy. Through financial literacy the policy makers try

to enrich the financial knowledge of the general public for bringing an effective financial system in this digital era. Financial literacy is likely to become an important aspect of our new education system so that the young generation can inculcate the habit of managing finance effectively, enrich knowledge, skill, build competencies and confidence to handle the most valuable resource called as finance.

## 2. STATEMENT OF THE PROBLEM

The main issue faced by the developing country is illiteracy. To improve the illiteracy rate, the government of India has introduced the right to education act 2009, to provide free and compulsory education up to the age of 14 years. Literacy boosts up economic growth. But when we speak about financial literacy our economy fails to attempt success. The level of knowledge of the young generation on financial matters is a crucial topic of discussion as our financial literacy rate does not match with the global average. To build a strong financial system, we should encourage smart financial behavior among the youngsters. Our education system should come forward to encourage school and college students to gain financial literacy. Financial literacy will help to bring good financial habits like savings, investments, etc. which contribute to economic growth. This research tries to highlight the level of financial literacy among the college going students in Belthangady taluk.

## 3. LITERATURE REVIEW

Dhruv Vij (2020) reveals that financial literacy of Indians compared to the developing countries is low and recommends that the government should take effective measures to create an awareness among the young generation about financial matters. Irfan. et.al., (2023) discussed that factors like economic status, family background, education are the major contributors towards financial literacy and concluded that the policy maker should take more initiatives to develop effective training programmes for enhancing financial literacy among the young generation. Pareek, N., & Dixit, N. (2016) reveal that our system provides theoretical knowledge on financial aspects but fails to adopt the same in practicality. Bhattacharjee (2014), the study revealed that low knowledge was found among the respondents regarding advanced financial concepts like financial market instruments, etc. Danes and Hira (1987) observe that college students have very less awareness of wealth management.

## 3. OBJECTIVES OF THE STUDY

The main objective of the study is to evaluate the financial literacy among college going students in Belthangady taluk.

1. To compare the level of financial knowledge between male and female students.
2. To compare the level of financial knowledge across different classes and streams of students.
3. To know whether students understand the importance of financial literacy.
4. To explore different aspects which reflect the financial behavior of the students.

### 3.1 Significance of the Study

The present study focuses on the need for financial literacy among the young generation. The research tries to evaluate the present knowledge and awareness of students towards financial literacy and know the need of various financial literacy programmes to enhance their financial management skills.

### 3.2 Hypothesis

#### Hypothesis 1

There is no significant difference between the mean levels of financial knowledge of male and female students.

#### Hypothesis 2

There is no significant difference between the mean levels of financial knowledge of students belonging to different classes (PUC, UG and PG).

#### Hypothesis 3

There is no significant difference between the mean levels of financial knowledge of students belonging to different streams (Science, Commerce and Arts).

### 3.3 Scope of the Study

The scope of the study is restricted to Pre-Degree and College going Students in Belthangady Taluk. In this study, the researcher tries to bring out the financial awareness of the young generation. The results and discussions of the study are drawn based on the analysis of the information gathered through the structured questionnaire.

## 4. RESEARCH METHODOLOGY

### 4.1 Research Design

The purpose of this study is to evaluate financial literacy among youngsters in Belthangady Taluk.

### 4.2 Research Approach

The respondents for this study are the students who are undergoing Pre-University Course, Undergraduate and Postgraduate courses. The study is both descriptive and analytical in nature.

### 4.3 Sampling Method and Sample Size

Purposive sampling is adopted to select the respondents for the study. A total sample of 103 students from various colleges in Belthangady Taluk who are pursuing their Pre-Degree, Undergraduate and Postgraduate courses were selected for the study.

**4.4 Data Collection Method**

The data have been collected through primary sources. The primary data have been collected through a well-structured questionnaire and distributed among students using Google form.

**4.5 Data Analysis Method**

Both qualitative and quantitative approaches have been used to analyze the data and interpret the result.

**5. DATA ANALYSIS AND INTERPRETATION**

The data is analyzed using R programming and Microsoft Excel and has been presented graphically. Statistical techniques such as two sample t-test and two-way analysis of variance (ANOVA) have been used to analyze and interpret the results.

**Table 5.1: Profile of the Respondents**

PROFILE	Responses	No of response	Percentage
Gender	Male	33	32
	Female	70	68
	<b>Total</b>	<b>103</b>	<b>100</b>
Age	0-16	18	17.6
	16-19	22	20.6
	19-23	63	61.8
	<b>Total</b>	<b>103</b>	<b>100</b>
Course of Study	PUC (Pre-University Course)	14	13.6
	UG (Undergraduate)	42	40.8
	PG (Postgraduate)	47	45.6
	<b>Total</b>	<b>103</b>	<b>100</b>
Stream	Commerce	62	60.2
	Arts	27	26.2
	Science	14	13.6
	<b>Total</b>	<b>103</b>	<b>100</b>

The above table reveals that out of 103 respondents, 68% of the respondents are female and 32% of the respondents are male, 61.8% of the respondents are of the age group of 19-23 years, 17.6% of the respondents are belonging to the age group of 0-16, and 20.6% of the

respondents are belonging to the age group of 16-19 and among them 45.6% of the respondents are PG students, 40.8% of the respondents are UG students, and 13.6% of the respondents are PUC students.

**Table 5.2: Financial Knowledge of Respondents**

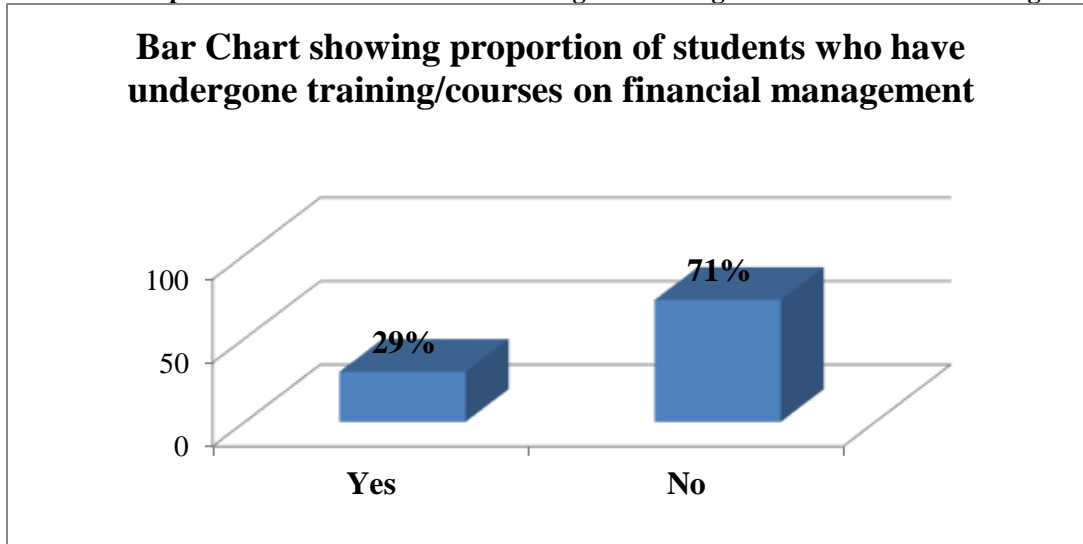
Responses	No of Response	Percentage
Very High	7	6.3
High	15	13.8
Moderate	20	19.6
Very Low	27	27
Low	34	33.3
<b>Total</b>	<b>103</b>	<b>100</b>

The above table indicate show that, out of 103 respondents' 33.3% respondent rated very high regarding the financial knowledge they possess, 27% of respondent rated high regarding the financial knowledge, 19.6% of respondent rated moderate

regarding the financial knowledge, 13.8% respondent rated low regarding the financial knowledge and 6.3% respondent rated very low regarding the financial knowledge.

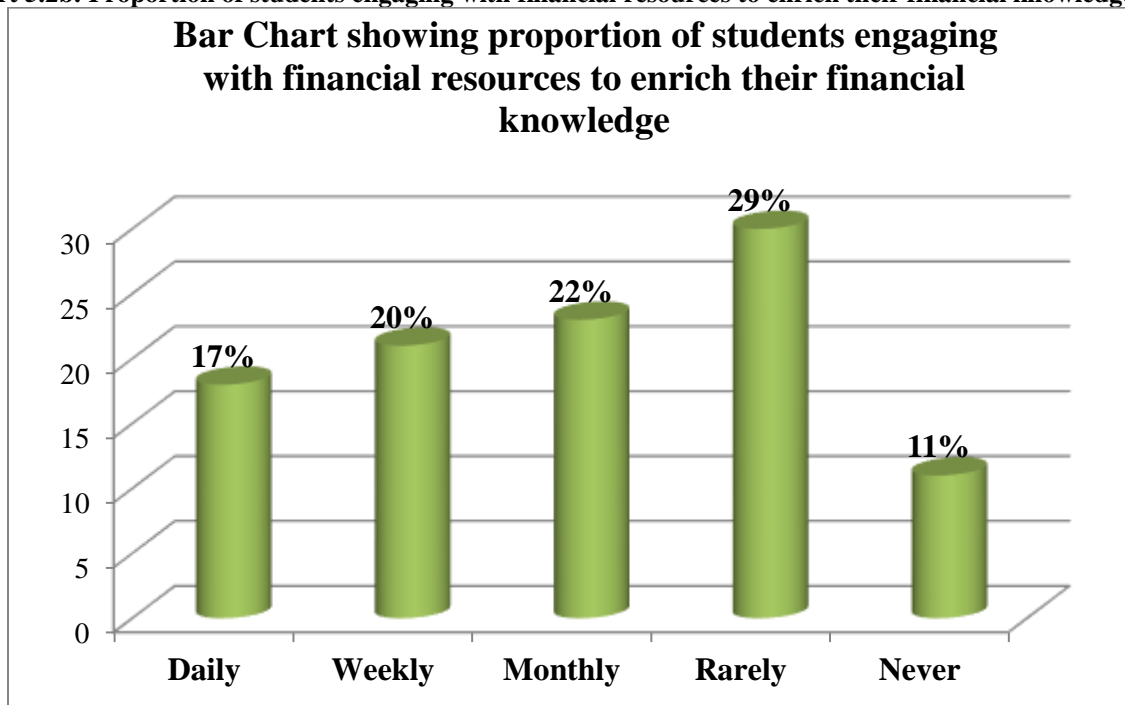
**5.1 Students Understand the Importance of Financial Literacy**

**Chart 5.1a: Proportion of students who have undergone training/courses on financial management**



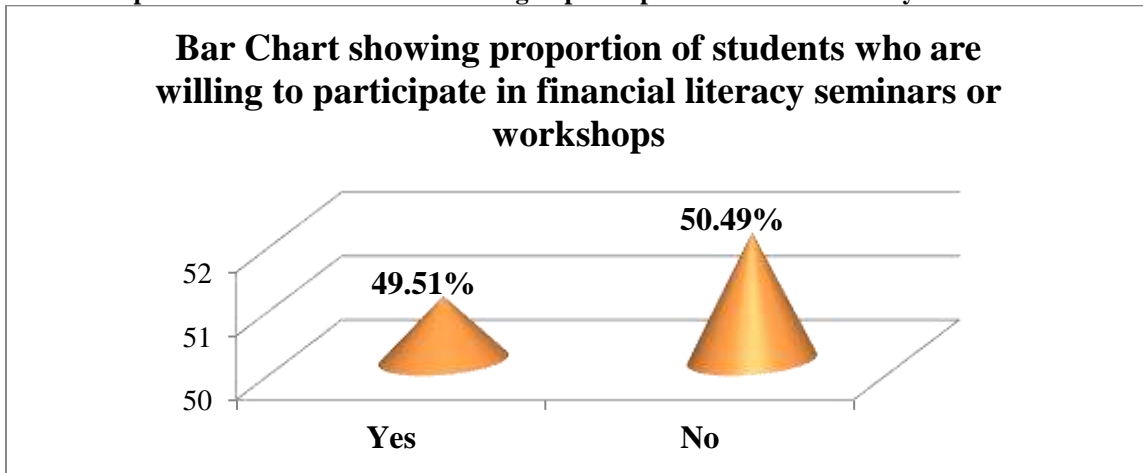
The above chart indicates that 29% of the respondents have undergone training/courses on financial management, whereas 71% of the respondents have not taken any training/courses.

**Chart 5.2b: Proportion of students engaging with financial resources to enrich their financial knowledge**



The above chart indicates that 17% of the respondents engage with financial resources daily in order to enrich their financial knowledge, 20% of the respondents engage with financial resources weekly, 22% engage with financial resources monthly, 29% engage with financial resources rarely, whereas 11% haven't engaged with financial resources.

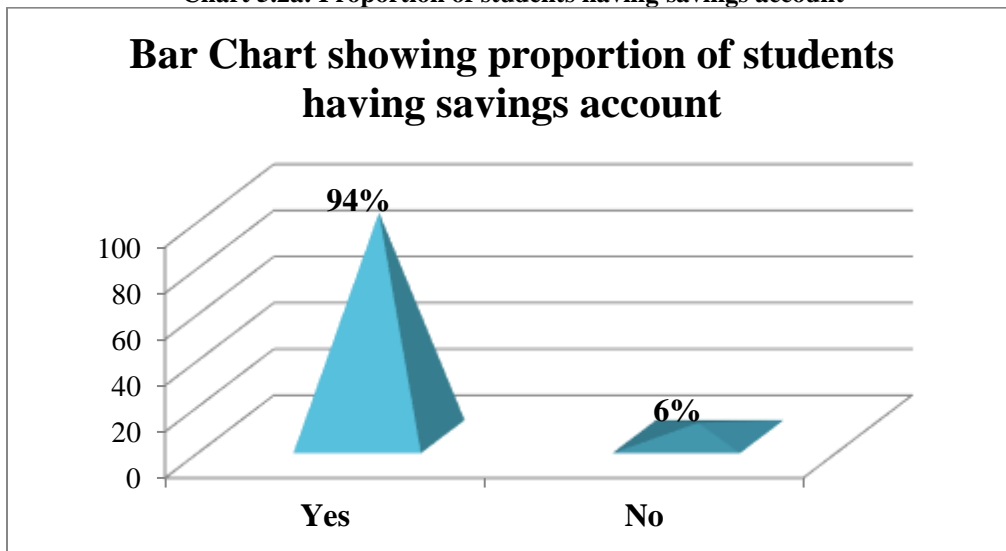
**Chart 5.3c: Proportion of students who are willing to participate in financial literacy seminars or workshops**



The above chart indicates that 49.51% of the respondents are willing to participate in financial literacy seminars or workshops, whereas 50.49% of the respondents are not interested

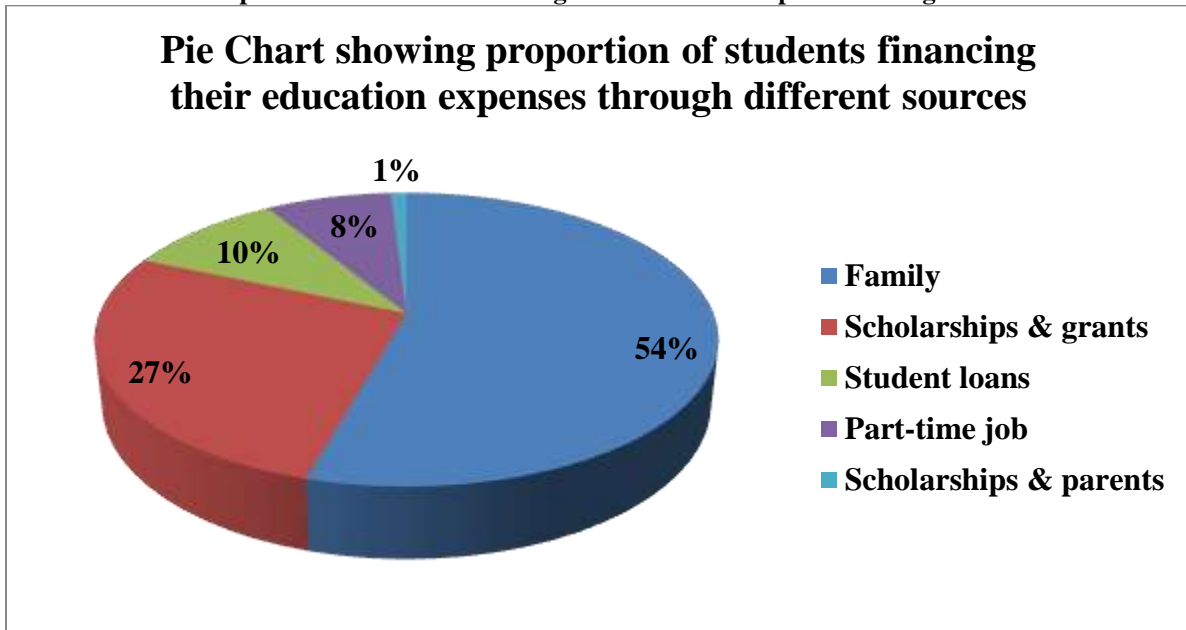
**5.2 Exploring different aspects which reflect the financial behaviour of the students**

**Chart 5.2a: Proportion of students having savings account**



The above chart indicates that 94% of the respondents have a savings account, whereas only 6% of the respondents do not have.

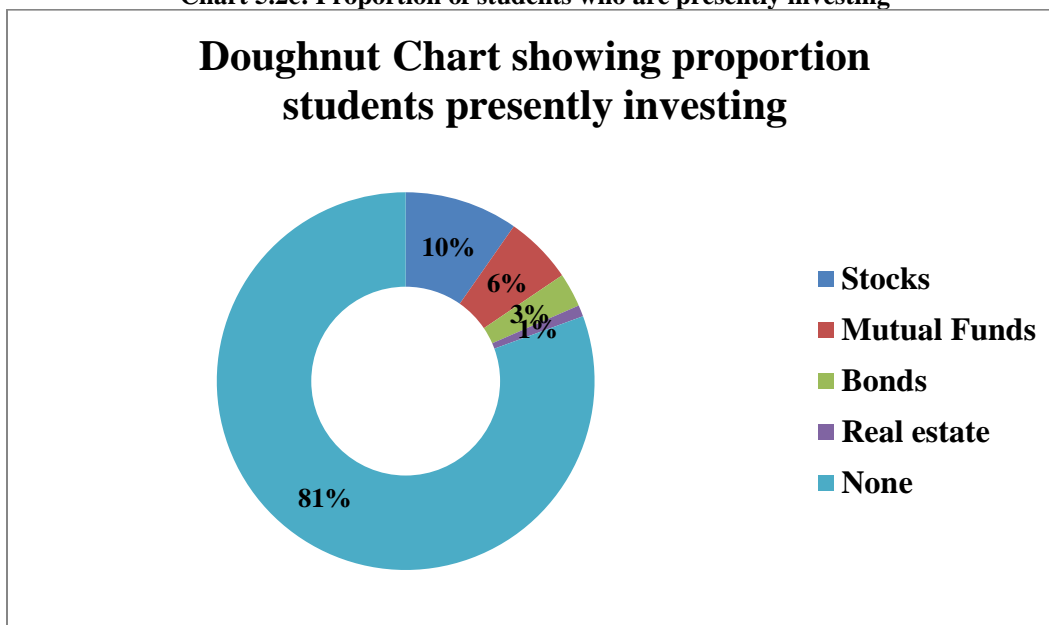
**Chart 5.2b: Proportion of students financing their education expenses through different sources**



The above chart indicates that 54% of the respondents finance their education expenses through family support, 27% of the respondents finance through scholarships

and grants, 10% finance through loans, 8% finance through scholarships and from parents, whereas only 1% of the respondents finance through part-time jobs.

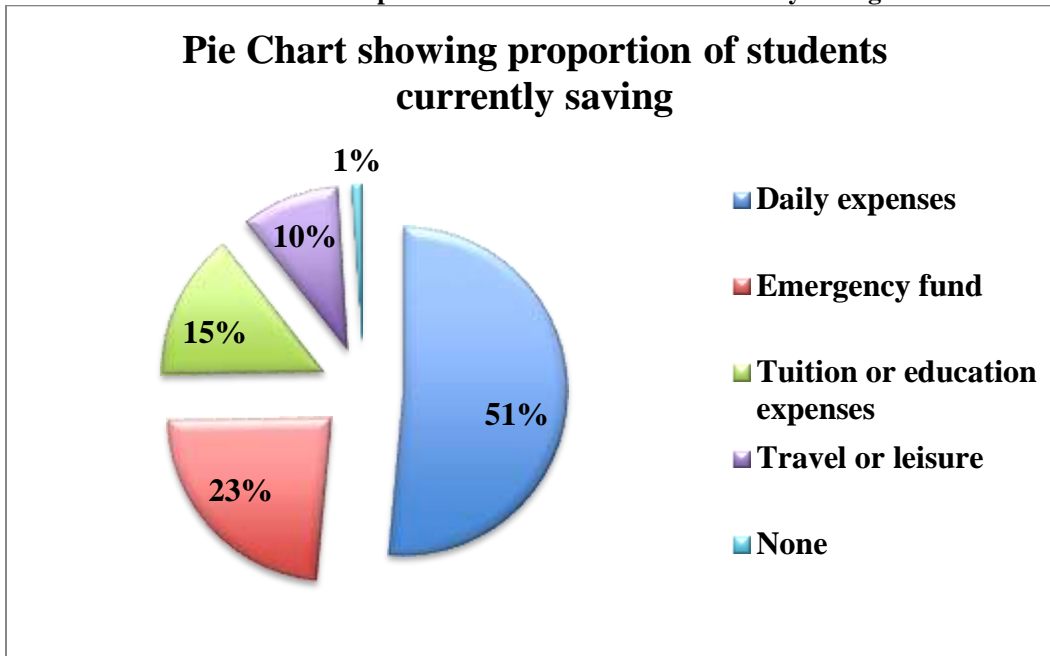
**Chart 5.2c: Proportion of students who are presently investing**



The above chart indicates that 10% of the respondents have invested in stocks, 6% have invested in mutual funds, 3% in bonds, 1% in real estate, whereas 81% of

the respondents are not engaged with any kind of investments.

**Chart 5.2d: Proportion of students who are currently saving**



The above chart indicates that 51% of the respondents are saving for their daily expenses, 23% are saving for emergency funds, 15% for tuition or education expenses, 10% for travel or leisure, whereas only 1% of the respondents are not engaged in saving.

Here the p-value is greater than 0.05. Hence we do not reject the null hypothesis, at 5% level of significance, and conclude that **there is no significant difference between the mean levels of financial knowledge of male and female students.**

**5.3 Hypothesis Testing**

**5.3a: Hypothesis 1**

To test  $H_0$ : There is no significant difference between the mean levels of financial knowledge of male and female students.

against  $H_1$ : There is a significant difference between the mean levels of financial knowledge of male and female students.

The obtained result from **two sample t-test** is as follows:

- t-test statistic: -0.8678
- p-value: 0.3896
- Sample mean level of financial knowledge of male students = 3.6667
- Sample mean level of financial knowledge of female students = 3.4714

**5.3b: Hypothesis 2**

To test  $H_0$ : There is no significant difference between the mean levels of financial knowledge of students belonging to PUC, UG and PG classes.

Against  $H_1$ : There is a significant difference between the mean levels of financial knowledge of students belonging to at least one pair of classes.

**5.3c: Hypothesis 3**

$H_0$ : There is no significant difference between the mean levels of financial knowledge of students belonging to Science, Commerce and Arts stream.

Against  $H_1$ : There is a significant difference between the mean levels of financial knowledge of students belonging to at least one pair of streams.

**Table 5.3 : ANOVA table obtained for Hypothesis 2 and Hypothesis 3 is as follows:**

Source of variation	Degrees of freedom	Sum of squares	Mean sum of squares	F statistic	p-value
Classes	2	0.02	0.0121	0.012	0.988
Streams	2	0.71	0.3547	0.359	0.699
Residuals	98	96.90	0.9887	---	---
Total	102	97.63	---	---	---

The above table indicates the test results of **two-way ANOVA**. Here, in both the cases, the p-values 0.988 and 0.699 are greater than 0.05. Hence we do not reject the null hypotheses, at 5% level of significance, and conclude the following:

- There is no significant difference between the mean levels of financial knowledge of students belonging to PUC, UG and PG classes.
- There is no significant difference between the mean levels of financial knowledge of students belonging to the Science, Commerce and Arts stream.

## 6. FINDINGS

- The study found that 68% of the respondents are female.
- The study depicts that 61.8% of the respondents are of the age group of 19-23 years.
- Most of the respondents are pursuing their post graduation programme and majority of the respondents belong to the commerce stream.
- The study reveals that 33.3% of the respondents possess a high level of financial knowledge.
- The study shows that the majority (71%) of the respondents have not undergone any training/courses regarding financial literacy.
- The study makes it clear that 17% of the respondents engage with financial resources daily in order to enrich their financial knowledge.
- The study reveals that 49.51% of the respondents are willing to participate in financial literacy seminars or workshops.
- It is clear from the study that 94% of the respondents are having savings accounts.
- The study says that 54% of the respondents finance their education expenses through family support.
- The study shows that 10% of the respondents have invested in stocks.
- Most (51%) of the respondents are saving for their daily expenses.
- Two sample t-test indicates that there is no significant difference between the mean levels of financial knowledge of male and female students.
- The test results of two-way ANOVA reveals that “There is no significant difference between the mean levels of financial knowledge of students belonging to PUC, UG and PG classes”, which means that education level of the respondents do not play any direct role in creating awareness about financial literacy.
- The test result of two-way ANOVA reveals that “There is no significant difference between the mean levels of financial knowledge of students

belonging to Science, Commerce and Arts stream”, which means that financial literacy can be perceived by students, regardless of the course they have opted for their studies.

## 7. SUGGESTIONS

- Students of all courses and streams should be encouraged to know more on financial literacy.
- Students should be motivated to undertake add-on courses to enrich their financial knowledge.
- Schools and colleges should introduce compulsory certificate courses on financial literacy in their curriculum.
- Parents should also make the young one understand the importance of financial literacy.

## 8. LIMITATIONS OF THE STUDY

1. The study is restricted to Belthangady taluk only. Hence the results cannot be generalized.
2. The sample is only 103, so the opinions may not be synchronized with the opinions of the entire population.

## CONCLUSION

The young generations are the change makers for the economy, so they should be nurtured with knowledge and skill required for the development of the nation. The Ministry of Human Resource Development has taken a right step towards financial literacy among youngsters by hosting financial literacy programs/campaigns. The Ministry of Human Resource Development launched Vittiya Saksharta Abhiyan (VISAKA), an innovative coming for boosting financial literacy among students pursuing higher education. Financial literacy among the students will help the nation to attain its goal of digital India and cashless economy. The young generation can thus be considered as catalysts for change. Hence more and more initiative should be taken to enrich their financial literacy to make our financial system strong and reliable.

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