

FINANCIAL LITERACY AT THE MATRICULATE LEVEL FOR INCLUSIVE GROWTH IN RURAL AREAS OF HARYANA

Dr. Abdul Razak

Assistant Professor - Sr. Grade 2, VIT Business School, Vellore Institute of Technology
Vellore.

Dr.V. Aarthi Agnihotri

Assistant Professor, Department of Commerce, Sri Krishna arts and science college
Coimbatore.

Dr. Ruchi Jain

Associate Professor, Deptt. Of Financial Studies, IIS (deemed to be) University, Jaipur.

Dr. Sreeja Radhakrishnan

Assistant Professor, Department of Commerce and Professional Studies, Rajagiri College of
Social Sciences (Autonomous), Kalamassery.

Dr. Payal Shreepal Samdariya

Associate professor, AKI's Poona Institute of Management Sciences and Entrepreneurship
Pune.

Dr. Kinjal Shah

Assistant Professor, Lala Lajpat Rai Institute of Management, Mumbai University
Mumbai.

Abstract Growth of Nation is depends upon the literacy at the level of matriculation and decides the inclusion level of its population into the financial net. In India states are struggling with poverty,less financial instruments,lack of knowledge and what makes the problem more acute is very low financial in literacy.Mostly rural areas in harayana are facing many problems at the level matriculating and trapped by the influence of local money lenders.To achieve the objective of the study, two hundred N=200 reponsesdents of 100 males and 100 females were selected from rural areas.To asses the financial literacy and its relation with different parameters such as age,gender,ocuupation,monthly income and education.In this paper examine the hypothesis present study crosstab correlation and chisquare test was applied to compare the association between different variables.

INTRODUCTION

Financial Literacy simply means the ability to understand about money handling, savings and investments so as to make judicious decisions regarding ones financial resources and activities. The need for financial literacy has become important with the deregulation of financial markets

and the rapid growth in technological advancement of marketing financial products. Governments around the world have begun with many initiatives to impart knowledge about financial instruments so as to have financially knowledgeable citizens, for the public benefits and in totality for the benefit of the nation with a strong economy.

Government is focusing on financial inclusion which is an important step in development, as access to finances helps the poor to lift themselves out of poverty. In many parts of the developing world like India microfinance is a good tool to fight with poverty by bringing financial services, including low-interest loans to the poor but just bringing good tools is not enough as their implementation is hypothetical without proper financial knowledge and basic financial literacy. Keeping this in mind RBI Governor Raghuram Rajan proposed inclusion of financial literacy in school curriculum because when children will be aware they can influence their families and in coming future they can take necessary steps to better manage their money.

There are many countries that organize financial literacy month to boast high financial literacy rate such as in US april is considered as the month of financial literacy in which efforts are taken to educate its citizens about the importance of financial literacy this is the way to strengthen ones economy.

Since beginning people have managed their own finances on a day to day basis have themselves decided how much to spend on food, clothing or how much to save for child's education or for future uncertainties but for managing all these in a better way financial education and awareness has become important for financial well-being. In today's financial markets consumers are not just making decisions between two different bank loans or savings plans, but are rather being offered a variety of complex financial instruments for borrowing and saving, with a large range of options. One get knowledge to make decision about the responsibility and risk for financial decisions that may have a major impact on an individual's future life.

Sustainable growth of a nation is closely related to the level of inclusion of its population into the financial net. Countries like India is struggling with poverty, less financial instruments and what makes the problem more acute is low financial literacy. Rural area people are still trapped in influence of local money lenders.

According to a survey on Global Financial Literacy conducted by VISA in 2012, only 35% of Indians were found to be financially literate and India was among the least financially literate countries.

Survey of "Financial Literacy among Students, Young Employees and the Retired in India" conducted by IIM-A reveals that "there is lack of knowledge among Indians about the basic principles of money and household finance, such as compound interest, impact of inflation and the role of portfolio investments."

The lack of financial knowledge and incapability to manage personal finance not only affect a household, but the whole economy suffer.

STATEMENT OF THE PROBLEM

The Problem selected for investigation in the present study has been titled as “Financial Literacy At Matriculate Level For Inclusive Growth In Rural Areas Of Haryana

OBJECTIVES

Why study Financial literacy

1. To study relation between gender and their financial literacy level.
2. To study relation between monthly income and level of financial literacy.
3. To study relation between education and their financial literacy level.
4. To know relation between occupation and their financial literacy level.
5. To know relation between age and their financial literacy level.
6. recommendations that help to enhance financial literacy

Research questions

The research Questions derived from these areas are as follows:

1. Is there any relation between gender and their financial literacy level?
2. Is there any relation between monthly income and level of financial literacy?
3. Is there any relation between education and their financial literacy level?
4. Is there any relation between occupation and their financial literacy level?
5. Is there any relation between age and their financial literacy level?

Hypothesis

H0 There is no significant relation between gender and their financial literacy level. H1 There is a significant relation between gender and their financial literacy level.

H0: There is no significant relation between monthly income and level of financial literacy. H1 There is a significant relation between monthly income and level of financial literacy. H0

There is no significant relation between education and their financial literacy level.

H0 There is no significant relation between occupation and their financial literacy level. H1 There is a significant relation between occupation and their financial literacy level.

H0 There is no significant relation between age and their financial literacy level. H1 There is a significant relation between age and their financial literacy level.

REVIEW OF LITERATURE

Kamath (2015) found that Indian banking system deals with the rural financial requirement through several channels, such as cooperative societies, regional rural banks and commercial banks. But in recent time financial inclusion is an emerging issue in banking system. The study also made an attempt to examine the difference of financial inclusion from traditional banking system. The study concluded that financial inclusion helps in business activities in high employment generating sectors such as retail trade in foods, beverages and tobacco, wood and textile products, textile, restaurants and hotel retail trade in fuel, utilities and durables. Moreover, he suggested that the Indian agriculture sector is more complex and heterogeneous with a shift from cereals to non-cereals crops and activities such as food processing, livestock and fishing

Arora & Meenu (2010) focused on the major issues like formal and informal finance and intervention of micro finance to achieve the greater financial inclusion. The study got take off with introducing the micro finance as a supply of loans, savings, and other basic financial services to the rural poor to fulfill their small and uncertain needs and provide a chance to them to contribute in economic development. The study also put a light on the outreach and performance of Micro finance as well as adding the references on financial awareness and customer's perception.

Tejani (2011) in her study has described role of co-operative banks in rural areas in increasing financial inclusion. The objective of the study was to find out the performance of the banks which are working in the rural areas which mainly include the co-operative banks and regional rural banks by taking 200 sample size in three villages of Gujarat . Many indicators have been taken for the study as no. of Cooperative Banks, Deposits, Borrowings, Loans and Advances Issued, Investments, Amount of Profit, Amount of Loan, Loans Outstanding, Recovery of Loans to Demand (Per cent). The study concluded that government should take strong steps to develop the rural area as there are many opportunities to do this.

Sarma (2012) in her study has found out country wise (94), financial inclusion for the years (2004 – 2010).The IFI values computed for various countries for the years indicates that countries around the world are at various levels of financial inclusion. She concluded that literacy, easy accessibility of banking facilities, urbanization, all factors are very important to increase the status of financial inclusion.

Anthes (2004) stated that financial literacy is the ability to read, analyze, manage and communicate about the personal financial conditions that affect material well being. Mason and Wilson (2000) have defined, financial literacy as Meaning making process in which individuals use a combination of skills and technologies, resources and contextual knowledge to make sense of information in order to be sufficiently informed to make decisions with an awareness of financial consequence.

Findings suggest that financial education is beneficial, but the extent of the benefits depends on the time horizon for changing financial behaviors. Financial education has positive relationship with financial literacy and long-term behaviors Another key finding from these research is that people with low levels of financial literacy seem to get more benefits Sabri, Mohamad Fazli Fazli,(2011), Wagner, Jamie (2015),Irina kunovskaya (2010) . Tschache C. Arrington (2009) The results of this survey showed that most of the participants of the survey were in favour of importance of financial literacy and financial literacy curriculum was also important. The conclusions of this study were that financial education is advantageous and that the concepts taught in that type of curriculum were appreciated.

Pallavi Gupta et al. (2013) found a large variation in correlation among the different states of India with a very low correlation at the national level and suggested indian government should promote Information Communication Technology models like biometric ATM, telecentres to achieve Financial Inclusion in India as high literacy is not compulsorily required in these models

JariwalaV.Harsha (2009) in his study found all the respondents have invested their savings in various investment alternatives, despite of it majority of the respondents possess lower level of financial literacy. From the analysis of financial literacy questions, was found that the majority investors are less financially literate in a state of India.

Deerajen Ramasawmy et al (2013) No significant difference was found at 5% level for the financial literacy level between male and female respondents while significant difference was found between male and female for the ability to read, analyse, manage and communicate. Based on this study, it was found that age, gender, language, race and income level do not have any impact on the level of financial literacy.

KWAME MIREKU (2015) found that gender, work experience, subject of study, and mother's level of education were important determinants of financial literacy among the students. Surprisingly, in this study, the lower the mother's level of education the higher the student's level of financial literacy.

Gathergood, j. (2014) results shows that individuals with low levels of financial literacy and with impulsive buying decisions were significantly more likely to hold alternative, non-amortising, mortgage products.

Klatt, martha E (2009) found that women were interested in having opportunities to learn more about money management and investment so it is important to educate women regarding finance so that they become self reliant.

Levi-D'Ancona, Emily,et al (2014) revealed low literacy and education levels along with lack of exposure to market functions in rural areas of India renders some women not capable to grasp the concepts of financial education presented by ISMW. This study also found clear improvements in the performance of self-help groups, which greatly increases participants access to funds, even if they may not fully be aware of financial concepts.

MATERIALS AND METHODS

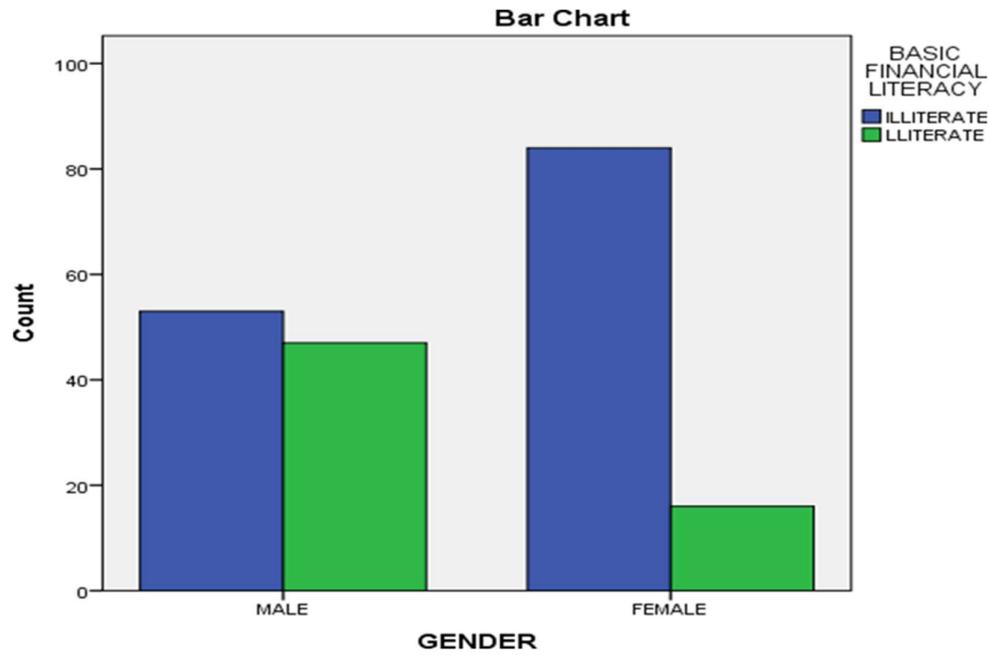
To achieve the objective of the study, two hundred (N=200) respondents 100 males and 100 females were selected conveniently and purposely from rural areas of sonapat district as subjects. Questionnaire was used to assess the basic financial literacy and its relation with different parameters such as age, gender, occupation, monthly income and education. In order to examine the hypothesis of the present study crosstab correlation and chi-square test was applied to compare the association between different variables.

RESULTS AND DISCUSSION

Table showing association between gender and basic financial literacy

GENDER * BASIC FINANCIAL LITERACY Crosstabulation

	BASIC FINANCIAL LITERACY		Total
	ILLITERATE	LLITERATE	
MALE	53	47	100
FEMALE	84	16	100
Total	137	63	200



Symmetric Measures

		Value	Asymp. S td. Errora	Approx. Tb	Approx. Sig.
Interval by Interval	Pearson's R	-.334	.065	-4.981	.000c
Ordinal by Ordinal	Spearman Correlation	-.334	.065	-4.981	.000c
N of Valid Cases		200			

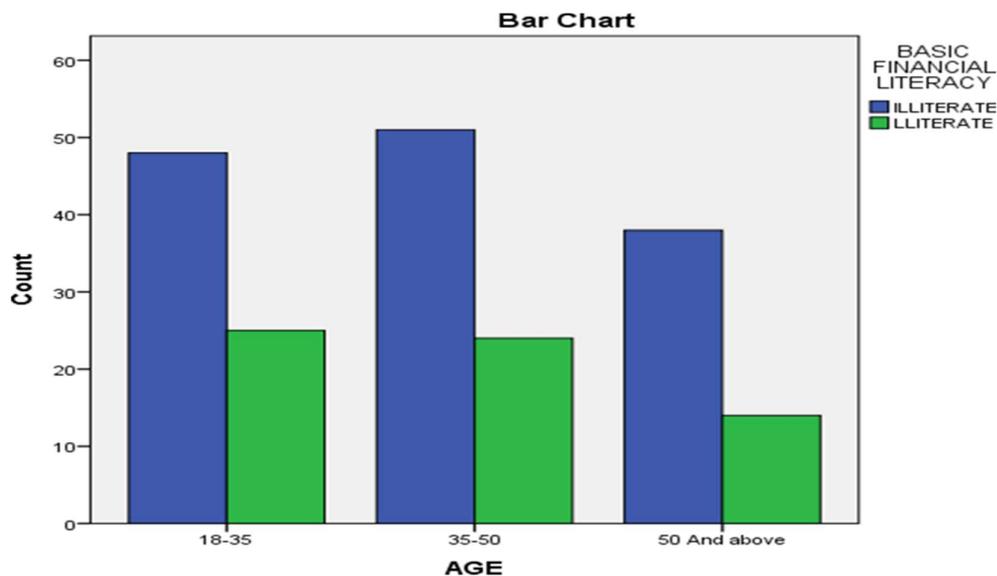
Chi-Square Tests

	Value	df	Asymp. S ig. (2-sided)	Exact S ig. (2-sided)	Exact S ig. (1-sided)
Pearson Chi-Square	22.269 a	1	.000		
Continuity Correctionb	20.855	1	.000		
Likelihood Ratio	23.014	1	.000	.000	.000
Fisher's Exact Test					
Linear-by-Linear Association	22.157	1	.000		
N of Valid Cases	200				

The results revealed in above tables is that H0 is rejected and significant relation is found between gender and basic financial literacy. Women is found weaker and shows possess less basic knowledge related to finance. 47% males have basic financial knowledge whereas only 16% women have basic knowledge other 84% is not even able to answer simplest questions related to finance.

Table showing association between age and basic financial literacy
AGE * BASIC FINANCIAL LITERACY Crosstabulation

		BASIC FINANCIAL LITERACY		Total
		ILLITERATE	LITERATE	
A G E	18-35	48	25	73
	35-50	51	24	75
	50 And above	38	14	52
T o t a l		137	63	200



Symmetric Measures

		Value	Asymp. td. Error	Approx. Tb	Approx. Sig.
Interval by Interval	Pearson's R	-.060	.070	-.849	.397c
Ordinal by Ordinal	Spearman Correlation	-.059	.070	-.839	.403c

N of Valid Cases	200			
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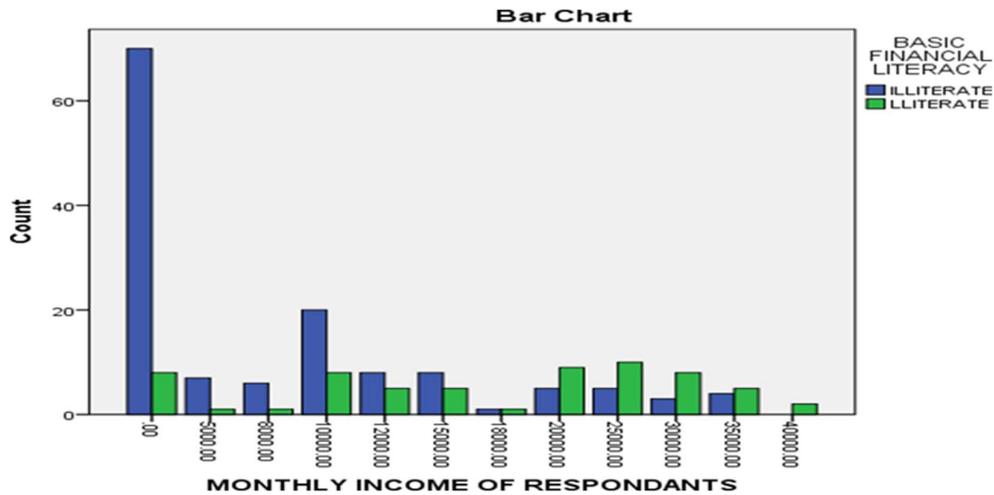
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.769a	2	.681
Likelihood Ratio	.780	2	.677
Linear-by-Linear Association	.722	1	.395
N of Valid Cases	200		

It was found that null hypothesis is accepted there is no association found between age and basic financial literacy there was no significant differences found between different age groups.

Table showing association between monthly income and basic financial literacy
MONTHLY INCOME OF RESPONDANTS * BASIC FINANCIAL LITERACY
Crosstabulation

		BASIC FINANCIAL LITERACY		Total	
		ILLITERATE	LITERATE		
MONTHLY INCOME OF RESPONDANTS	.00	70	8	78	
	5000.00	7	1	8	
	8000.00	6	1	7	
	10000.00	20	8	28	
	12000.00	8	5	13	
	15000.00	8	5	13	
	18000.00	1	1	2	
	20000.00	5	9	14	
	25000.00	5	10	15	
	30000.00	3	8	11	
	35000.00	4	5	9	
	40000.00	0	2	2	
	Total		137	63	200



Symmetric Measures

		Value	Asymp. S td. Error ^a	Approx. Tb	Approx. Sig.
Interval by Interval	Pearson's R	.477	.061	7.641	.000c
Ordinal by Ordinal	Spearman Correlation	.476	.059	7.614	.000c

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	50.625 ^a	11	.000
Likelihood Ratio	52.338	11	.000

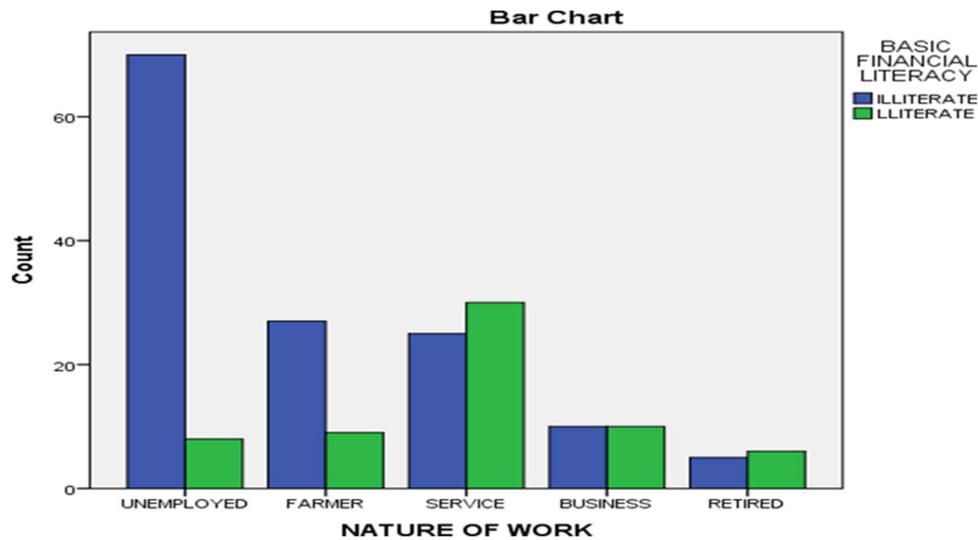
It was found from above tables that null hypothesis is rejected that is there is association between monthly income and basic financial literacy.

Table showing association between nature of work and basic financial literacy

NATURE OF WORK * BASIC FINANCIAL LITERACY Crosstabulation

	BASIC FINANCIAL LITERACY		Total
	ILLITERATE	LLITERATE	

NATURE OF WORK	UNEMPLOYED	70	8	78
	FARMER	27	9	36
	SERVICE	25	30	55
	BUSINESS	10	10	20
	RETIRED	5	6	11
Total		137	63	200



Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	36.436	4	.000
Likelihood Ratio	38.468	4	.000
Linear-by-Linear Association	30.148	1	.000
N of Valid Cases	200		

Symmetric Measures

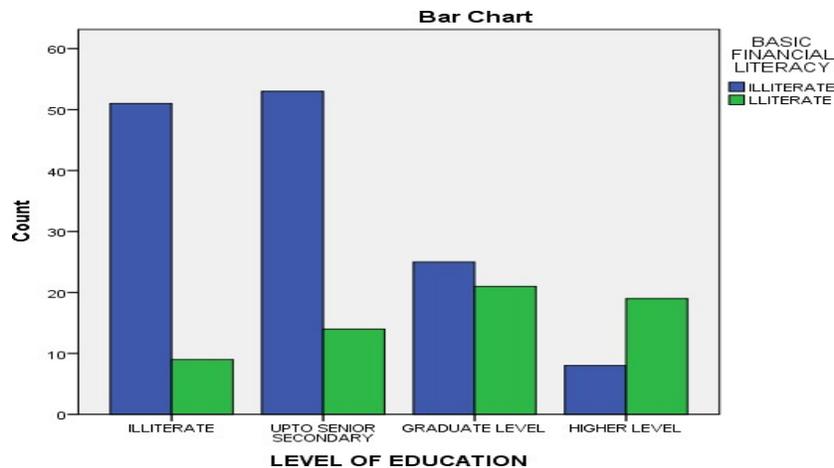
		Value	Asymp. Sig.	Approx. Tb	Approx. Sig.
Interval by Interval	Pearson's R	.389	.063	5.946	.000c
Ordinal by Ordinal	Spearman Correlation	.405	.061	6.242	.000c

N of Valid Cases	200			
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It was found from above tables that nature of work has significant association with basic financial literacy. People working in service sector have more knowledge related to finance than others.

Table showing association of level of education with basic financial literacy
LEVEL OF EDUCATION * BASIC FINANCIAL LITERACY Crosstabulation

		BASIC FINANCIAL LITERACY		Total
		ILLITERATE	LLITERATE	
LEVEL OF EDUCATION	ILLITERATE	51	9	60
	UPTO SENIOR SECONDARY	53	14	67
	GRADUATE LEVEL	25	21	46
	HIGHER LEVEL	8	19	27
Total		137	63	200



Symmetric Measures

		Value	Asymp. S td. Error	Approx. Tb	Approx. Sig.
Interval by Interval	Pearson's R	.397	.065	6.080	.000c

Ordinal by Ordinal	Spearman Correlation	.383	.065	5.838	.000c
N of Valid Cases		200			

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	34.238	3	.000
Likelihood Ratio	33.571	3	.000
Linear-by-Linear Association	31.311	1	.000
N of Valid Cases	200		

From above tables it was found that null hypothesis is not accepted which shows that level of education have association with basic financial literacy. Higher level of education have the highest level of financial knowledge.

CONCLUSIONS

Gender, monthly income, nature of work, level of education have association with basic financial literacy but in case of age no such association was found. Overall financial literacy was found to be very low many respondents were not even able to calculate simple interest.

RECOMMENDATIONS

Government should focus more on these rural areas as the basic financial literacy is not achieved by many of them. More of campaigns are required, financial educations weeks or months to be organized. Successful implementation of financial literacy programmes is most required.

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