

Vol III Issue IX March 2014

Impact Factor : 2.2052(UIF)

ISSN No :2231-5063

International Multidisciplinary Research Journal

Golden Research Thoughts

Chief Editor
Dr.Tukaram Narayan Shinde

Publisher
Mrs.Laxmi Ashok Yakkaldevi

Associate Editor
Dr.Rajani Dalvi

Honorary
Mr.Ashok Yakkaldevi

IMPACT FACTOR : 2.2052(UIF)

Welcome to GRT

RNI MAHMUL/2011/38595

ISSN No.2231-5063

Golden Research Thoughts Journal is a multidisciplinary research journal, published monthly in English, Hindi & Marathi Language. All research papers submitted to the journal will be double - blind peer reviewed referred by members of the editorial board. Readers will include investigator in universities, research institutes government and industry with research interest in the general subjects.

International Advisory Board

Flávio de São Pedro Filho Federal University of Rondonia, Brazil	Mohammad Hailat Dept. of Mathematical Sciences, University of South Carolina Aiken	Hasan Baktir English Language and Literature Department, Kayseri
Kamani Perera Regional Center For Strategic Studies, Sri Lanka	Abdullah Sabbagh Engineering Studies, Sydney	Ghayoor Abbas Chotana Dept of Chemistry, Lahore University of Management Sciences[PK]
Janaki Sinnasamy Librarian, University of Malaya	Catalina Neculai University of Coventry, UK	Anna Maria Constantinovici AL. I. Cuza University, Romania
Romona Mihaila Spiru Haret University, Romania	Ecaterina Patrascu Spiru Haret University, Bucharest	Horia Patrascu Spiru Haret University, Bucharest,Romania
Delia Serbescu Spiru Haret University, Bucharest, Romania	Loredana Bosca Spiru Haret University, Romania	Ilie Pinteau, Spiru Haret University, Romania
Anurag Misra DBS College, Kanpur	Fabricio Moraes de Almeida Federal University of Rondonia, Brazil	Xiaohua Yang PhD, USA
Titus PopPhD, Partium Christian University, Oradea,Romania	George - Calin SERITAN Faculty of Philosophy and Socio-Political Sciences AL. I. Cuza University, IasiMore

Editorial Board

Pratap Vyamktrao Naikwade ASP College Devrukh,Ratnagiri,MS India Ex - VC. Solapur University, Solapur	Iresh Swami Ex - VC. Solapur University, Solapur	Rajendra Shendge Director, B.C.U.D. Solapur University, Solapur
R. R. Patil Head Geology Department Solapur University,Solapur	N.S. Dhaygude Ex. Prin. Dayanand College, Solapur	R. R. Yalikal Director Managment Institute, Solapur
Rama Bhosale Prin. and Jt. Director Higher Education, Panvel	Narendra Kadu Jt. Director Higher Education, Pune	Umesh Rajderkar Head Humanities & Social Science YCMOU,Nashik
Salve R. N. Department of Sociology, Shivaji University,Kolhapur	K. M. Bhandarkar Praful Patel College of Education, Gondia	S. R. Pandya Head Education Dept. Mumbai University, Mumbai
Govind P. Shinde Bharati Vidyapeeth School of Distance Education Center, Navi Mumbai	Sonal Singh Vikram University, Ujjain	Alka Darshan Shrivastava Shaskiya Snatkottar Mahavidyalaya, Dhar
Chakane Sanjay Dnyaneshwar Arts, Science & Commerce College, Indapur, Pune	G. P. Patankar S. D. M. Degree College, Honavar, Karnataka	Rahul Shriram Sudke Devi Ahilya Vishwavidyalaya, Indore
Awadhesh Kumar Shirotriya Secretary,Play India Play,Meerut(U.P.)	Maj. S. Bakhtiar Choudhary Director,Hyderabad AP India.	S.KANNAN Annamalai University,TN
	S.Parvathi Devi Ph.D.-University of Allahabad	Satish Kumar Kalhotra Maulana Azad National Urdu University
	Sonal Singh, Vikram University, Ujjain	

Address:-Ashok Yakkaldevi 258/34, Raviwar Peth, Solapur - 413 005 Maharashtra, India
Cell : 9595 359 435, Ph No: 02172372010 Email: ayisrj@yahoo.in Website: www.aygrt.isrj.net



GRT A STUDY OF FINANCIAL LITERACY AMONG YOUTH WITH REFERENCE TO PUNE REGION

Malti Chijwani

Assistant Professor , Global Business School and Research Center Dr. D Y Patil Vidyapeeth, Pune. Maharashtra, India.

Abstract:-Financial literacy means understanding of personal financial matters. It is ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being. Financial literacy making personal finance decisions in areas like real estate, insurance, investing, saving tax planning and retirement. It also involves intimate knowledge of financial concepts like compound interest, financial planning, the mechanics of a credit card, advantageous savings methods, consumer rights, time value of money, etc.

Low level of financial literacy can lead to financial decisions that can have adverse effects on the financial health of an individual. The paper studies the level of financial literacy among working Youth in Pune region.

Financial knowledge component measures understanding of interest calculations, relationship between inflation and return, inflation and prices, risk and return, and the role of diversification in risk reduction.

The research also aimed at assessing the knowledge of individuals towards investment in various financial instruments. Thus the structured closed ended questionnaire was distributed among Post Graduate students in Pune to judge the level of financial literacy.

Keywords: Demat account, financial decision, financial literacy, Initial public offer, Personal finance.

INTRODUCTION:

Personal financial literacy is more than just being able to balance a checkbook, compare prices or get a job. It also includes skills like planning for long term financial goals , retirement planning, and the discipline to use those skills every day. In India, we make great efforts to teach children to read and write, but we don't give their financial literacy the same attention. As a result, very few working professionals are able to manage their finances efficiently and fulfill their long term financial goals.

There are various surveys carried out throughout India about the financial literacy who says the rate of literacy is very low. One of them is being conducted by LiveMint and Wall street Journal in July 2013.

India is at the bottom among the 16 countries among Asia-pacific region. The surveys say that younger lot is more literate as compared to older lot. The survey was conducted at urban level.

“The sample is not too big and India is a large country with diverse lifestyle approaches. So I am not sure how far will this be true for pan-India,” says Ranjeet S. Mudholkar, vice-chairman and chief executive officer, Financial Planning Standards Board India.

So I plan to focus my study on the younger lot in order to get the better picture. Pune is among the Tier II cities and my sample would ideally include Post Graduate Students.

Most popular Investment Avenues in India

- 1.Public Provident Fund
- 2.Life Insurance Policy
- 3.Housing Property
- 4.National Saving Certificate
- 5.Gold& Precious stones

- 6.Equity
- 7.Fixed Deposit
- 8.Mutual Fund
- 9.Systematic Investment Plan
- 10.Exchange Traded funds

Source : Economic Times.

IMPORTANCE OF FINANCIAL LITERACY

- 1.Well-functioning financial markets depend on participants making informed decisions.
- 2.Financial sector reforms transfer the responsibility of financial decision making to individuals:
Defined contribution pension plans
Shift from merit based to disclosure based regulation
- 3.End of financial repression and the consequent proliferation of choice in financial products
- 4.While consumer protection laws do depart from the caveat emptor (“buyer beware”) maxim of general law, even these pro-consumer laws depend on alert and well informed consumers

OBJECTIVE OF THE STUDY

- 1.To find out level of financial literacy.
- 2.To find out the most popular and preferred investment instruments.
- 3.There is a belief among individuals that they have high financial literacy and are on the right track of financial planning – to check the same
- 4.To find out the level of professional help taken for financial planning and why?

Sample Characteristics		
Sample size	60	
Age group	20-25	
Education Levels	Graduates pursuing Post Graduation.	
Work Experience	None	
Marital Status	Mostly Single	

Data collection Method

The study covers both primary and secondary data . Primary data is collected by distributing questionnaire to the individuals & secondary data collected from various journals, articles, websites
This is an empirical study based on survey method. The techniques of questionnaires, discussion, interviews and observations will be followed to obtain the required information.
All individuals will be selected on random basis and will be given the questionnaire to check level of financial literacy.

FINDINGS

The finding are based on the way respondents deal with money in their daily lives through:

- Assessment of affordability of products and expenditures
- Timely payment of bills
- Planning and monitoring of the household budget
- Active saving habits
- Propensity to borrow

- a.Only about 20% have heard of all the commonly available products.
- b.Awareness about even fixed deposits, a very common product available with the banks, is not universal.
- c.Awareness about many of the financial market saving vehicles, like shares, bonds, and mutual funds is not very high.
- d.About one-fourth of the youth seem to be aware of only three products, which include savings account, fixed deposits, and insurance.
- e.The most frequently used advice in the choice of financial products is sought from friends and relatives who are not associated with the financial industry.
- f.Less than a quarter of the respondents depend on independent financial advisers and advertisements.
- g.The employer's advice does not figure prominently among the sources relied on for investment advice.

h.As one would expect, the young appears to rely more on the internet than the retired as a resource of information. They also seem to rely relatively more on their own experience.

CONCLUSION:

- a.Low awareness leads to poor diversification of risk across products and suboptimal investment of savings for the household.
- b.Low awareness could lead to inefficient allocation of capital in the economy.
- c.The survey results also show a high level of dependence on informal sources of financial advice:
- d.Despite the education levels of the respondents in the sample being high (a large proportion being graduate and post-graduate), that does not translate into adequate financial literacy. This is likely to be due to the absence of inputs relevant to financial literacy in the general education process.
This can be easily corrected. Given the emphasis on education in India, it should be possible to enhance financial literacy among youngsters relatively quickly, through the inclusion of relevant material on financial literacy in the general education program of schools and colleges,"
- e.Living in joint families negatively impacted the level of financial knowledge, the study showed.
- f.While post-graduation and marriage increased the odds of financial literacy, absence of budgeting decreased the odds. Financial decision-making without consultation also decreased the chances of good financial knowledge.

BIBLOGRAPHY

- 1.Sreekant V, CFPCM,Managing Partner, Sabarigiri Institute The Third Inevitable:Impact of Inflation on Financial Planning, 2008
- 2.Akhilesh Tilotia, CFPCM,Director, Director, PARK Financial Advisors Pvt. Ltd. Why should you think long term? 2008
- 3.Elaine King, CFP®, CDFATM and Philip Herzberg, CFP®, AEP®, MSF Financial Parenting for Young Adults
- 4.Elaine King, CFP®, CDFATM, and Philip Herzberg, CFP®, MSF Financial Planning for Your Family's Well-being 2010
- 5.Tim Sobolewski, CFP®, How to Choose a Financial Adviser 2011
- 6.Financial Planners Association, Build a Solid Financial Plan! August 2009
- 7.Jessie Foster, Lincoln Financial Advisors, Where does the Money Go?August 20, 2012
- 8.Lisa Holton, The Encyclopeidia of Finanicaill Plannnng FPA Press p24
- 9.Financial Intelligence: How to Make Smart, Values-Based Decisions with Your Money and Your Life Doug Lennick FPA, p82
- 10.Madhu Sinha Financial Planning McGrawHill Education
- 11.Stacie Zoe Berg, The Unofficial Guide to Managing Your Personal Finances, Wiley p210
- 12.Consumer Panel Research Paper: March 2006 Financial Services Consumer Panel, p36
- 13.Agshe, Anil, (2009), "Financial Service, Market & Regulation" 1st edition, Himalaya Publishing House, Mumbai.
- 14.8. Mishkin, Fredric, (2011), "Financial Market & Institution", 6th edition, Pearson Education, New Jersey.
- 15.Pradian, Punithavathy, (2009), "Financial Services & Market"2nd edition, Vikas Publishing House, Noida, India.
- 16.Raja rajan (1997,1998) high lightened segmentation of investors on the basis of their characteristics, investment size, and the relationship between stage in life cycle of the investors and their investment pattern.

REFERENCES

- 1.<http://www.kotaksecurities.com/university/>
- 2.<http://www.fpanet.org/ToolsResources/ArticlesBooksChecklists/>
- 3.<http://www.fpanet.org/ToolsResources/ArticlesBooksChecklists/Articles/FinancialPlanning/>
- 4.<http://financial-planning.stsd.wikispaces.net/>
- 5.<http://economictimes.indiatimes.com/>
- 6.<http://www.financialexpress.com/>
- 7.<http://wealth.moneycontrol.com/>

Publish Research Article International Level Multidisciplinary Research Journal For All Subjects

Dear Sir/Mam,

We invite unpublished Research Paper, Summary of Research Project, Theses, Books and Book Review for publication, you will be pleased to know that our journals are

Associated and Indexed, India

- ★ International Scientific Journal Consortium
- ★ OPEN J-GATE

Associated and Indexed, USA

- EBSCO
- Index Copernicus
- Publication Index
- Academic Journal Database
- Contemporary Research Index
- Academic Paper Database
- Digital Journals Database
- Current Index to Scholarly Journals
- Elite Scientific Journal Archive
- Directory Of Academic Resources
- Scholar Journal Index
- Recent Science Index
- Scientific Resources Database
- Directory Of Research Journal Indexing

Golden Research Thoughts
258/34 Raviwar Peth Solapur-413005, Maharashtra
Contact-9595359435
E-Mail-ayisrj@yahoo.in/ayisrj2011@gmail.com
Website : www.aygrt.isrj.net