“A Study On Analyzing the Financial Literacy Among College Students with Reference to Bangalore City”

Dissertation submitted in partial fulfillment of the requirement for the Award of degree the degree

BACHELOR OF BUSINESS ADMINISTARTION

OF

BENGALURU CITY UNIVERSITY

Submitted by,

ANURAG KUMAR

(Reg.No: B1826049)

Under the guidance of

Mrs. HARSHINI M, M.COM

Assistant professor

DEPARTMENT OF MANAGEMENT

ACHARYA INSTITUTE OF GRADUATE STUDIES

SOLDEVANAHALLI, BANGALORE – 560107

2020-21

DECLARATION

I hereby declare that “A study on analyzing the financial literacy among college students with reference to Bangalore city “is the result of the project work carried out by me under the guidance of Mrs. Harshini M in partial fulfillment for the award of Bachelor’s Degree in Business Administration by Bangalore University.

I also declare that this project is the outcome of my own efforts and that it has not been submitted to any other university or Institute for the award of any other degree or Diploma or Certificate.

Place: Bengaluru **Name:** Anurag Kumar

Date: **Register number:** B1826049

CERTIFICATE

ACKNOWLEDGEMENT

The sense of achievement after completion of this project is very immense and the project work would be incomplete without expression of simple gratitude to the people who made it possible because success is the culmination of hard work cogency for fulfillment of the mission. I would acknowledge all those responsible for making me successful in this project work.

At the very first I would like to thank **Prof. Gurunath Rao Vaidya**, principal, Acharya institute of graduate studies for giving me an opportunity to do this project.

I would like to thank **Dr. Sudha, (HOD**) Acharya institute of graduate studies for her kind support in shaping this report.

I avail this opportunity to express my deep sense of gratitude to my guide, **Mrs. Harshini M**, and this report would not have reached this stage without her immense help.

I would like to thank to God, My parents, and my best friends.

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CHAPTER – 1

INTRODUCTION

1.1 **INTRODUCTION TO FINANCE**

In our present day of economy, finance is referred as the provision of money at a time of requirement. Every enterprise; small, medium or big requires finance to carry on its operations and achieve its targets. In fact, finance is so indispensable that it is rightly said that it is the “Life blood of an enterprise”. Without adequate finance, an enterprise cannot think of its existence. The study of principles, practices, procedures and problems concerning financial management of profit making organization engaged in trade and commerce business is undertaken under the discipline of “**BUSINESS FINANCE”.**

1.1.1 MEANING OF FINANCE

Finance is that business activity which is concerned with the acquisitions and conversion of capital funds in meeting financial needs and overall objectives of the business. In simple words, finance is basically a systematic methodology of raising funds and allocating them, with a financial value, in an optimum manner to achieve wealth maximization.

1.1.2 SC0PE OF FINANCE

The scope of finance or finance function is very wide. It covers all the financial activities of a business enterprise, right from its inception to its growth and expansion. Finance or finance function covers the following financial activities in any business enterprise:

- Planning of financial requirement.
- Selecting the pattern of investment project.
- Estimation of financial requirement for the investment projects.
- Selecting the suitable sources of finance.

Proper working capital management, i.e., cash management, receivables management and inventory management.

1.1.3 NEED OF FINANCE

Business finance is required for the established of every business organization. With the growth in activities, financial needs also grow. Funds are required for the purchase of land and building, machinery and other fixed assets.

Besides this, finance is also needed to meet day-today expenses e.g. purchase of raw material, payment of wages and salaries, electricity bills, telephone bills etc. Expenses continue to be incurred until the goods are sold and money is recovered. Finance is required to bridge the time gap between production and sales.

Besides producers, it may be necessary to change the office set up in order to install computers. Renovation of facilities can be taken up only when adequate funds are available. Funds are always required to meet the ups and downs of business and unforeseen problems. Suppose, some manufacturer anticipates shortage of raw materials after a period, obviously he would like to stock raw materials. But he will be able to do so only when finance would be available. In this era of competition, lot of money is required to be spent on activities promoting sales like advertisement, personal selling etc.,

1.1.4 FINANCE ALLOCATION

This deals with the procurement of funds and their effective utilization. In simple words, it means allocation of finance on various business activities.

There are three major decisions to be made in the finance allocation process, which are as follows:

- Financing Decision.
- Capital budgeting or Investment Decision.
- Dividend policy.

1.1.4.1 FINANCING DECISION

It is the decision through which funds are brought into the business from external sources in order to invest in profitable projects and investments.

1.1.4.2 CAPITAL BUDGETING

Capital budgeting (or Investment appraisal) is the planning process used determine whether a firm's long term investments as new machinery, replacement machinery, new plants, new products, and research development projects are worth pursuing.

Many formal methods are used in capital budgeting, including the techniques such as:

- Accounting rate of return
- Net present value
- Profitability index
- Internal rate returns
- Modified internal rate of return
- Equivalent annuity

1.1.4.3 DIVIDEND POLICY

Dividend policy refers to the policy chalked out by companies regarding the amount it would pay to their shareholders as dividend. With profit making comes the question of utilizing the profit gainfully.

The companies have two options with them:

- They can retain these profits within the company
- They can pay these profits in the form of dividends to their shareholders

The dividend policy to be adopted by the company is based on these two options. Once this is sorted out, a permanent dividend policy can be put into place. These policies shape the attitude of the investors and the financial marketing general towards the concerned company the policies are decided according to the current and future financial positions of the company.

The preference and orientation of the investors also taken into account

The following are the types of dividend policies:

- Constant pay-out ratio
- Constant dollar dividend

1.1.5 TYPES OF FINANCE

- Public finance
- Private finance

1.1.5.1 PUBLIC FINANCE

It deals with the requirements, receipts and disbursements of funds in the government institutions like state, local self-government and central government.

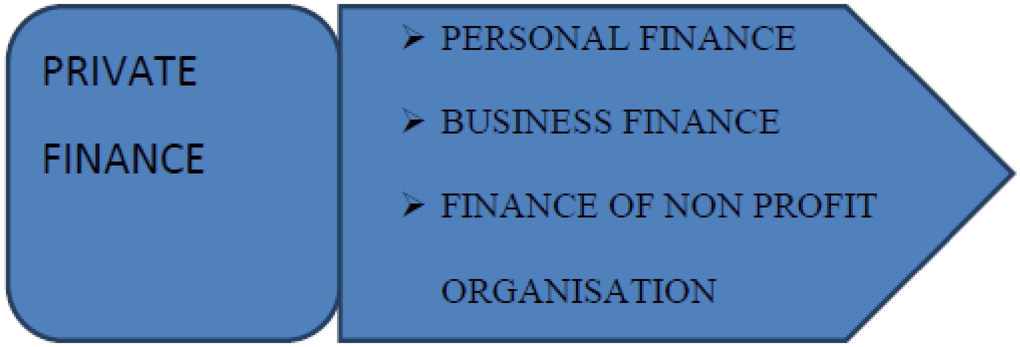
Public finance can be classified into:

- Government institution
- State government
- Local self-government
- Central government

1.1.5.2 PRIVATE FINANCE

It deals with the requirements, receipts and disbursement of funds in case of an individual, a profit seeking business organization and non-profit business organization.

- Personal finance
- Business finance
- Finance of non-profit organization



1.2 FINANCIAL MANAGEMENT

1.2.1 INTRODUCTION TO FINANCIAL MANAGEMENT

Financial management is an integral part of general management and not merely a staff function, which is considered, only with administration of sources of funds. It is concerned with raising and utilizing of the funds in an optimum and economical manner so as to maximize the returns and wealth in various business and investment opportunities.

1.2.2 MEANING OF FINANCIAL MANAGEMENT

Financial management is that managerial activity which is concerned with the planning and controlling of the firm's financial resources.

In general, financial management deals with the effective and efficient utilization of financial resources. It means creating balance among financial planning, procurement of funds, profit administration and sources of funds.

1.2.3 DEFINITIONS OF FINANCIAL MANAGEMENT

According to **Joseph** and **Massie,** "Financial management is the operational activity of a business that is responsible for raising and Effectively Utilizing funds
Raised necessary for efficient operations".

1.2.4 FINANCIAL MANAGEMENT CONCERNED WITH THREE ACTIVITIES [3 A'S]

- Anticipating financial needs- which mean estimation of funds required for investment in financial assets and current liabilities or long term and short term assets.
- Acquiring financial resources-After anticipation of the required amount of capital the next task is acquiring that is where and how to obtain the funds.
- Allocating funds in business-which means the allocation of available funds among best plans of assets to maximize shareholders' wealth.

1.2.5 SCOPE OF FINANCIAL MANAGEMENT:

a. Financial management has coverage. It is exposed to new areas at present.

b. Importance of the subject has been increasing year after year, since the value of money is decided by time alone.

c. "Money received today is more valuable than the same rupee which is received in future".

d. Earlier financial management and financial manager both were very simple and limited but now it has enormous scope.

e. So to understand it better there are two approaches.

- **Traditional approach.**
- **Modern approach**

- **TRADITIONAL APPROACH**

 It was very simple and did not have more scope and coverage was very little.

 Role was limited.

 Covered only the activities relating to collection of funds.

 Manager could collect the funds needed by the company and prepare accounts.

So this approach includes only the external sources of funds and internal source of funds was excluded. Financial manager could not answer for any of the questions and find problems which cannot be solved by this approach.

- **MODERN APPROACH**

 It has more meaningful and its role increases.

 In this financial manager can solve the financial problems by the use of various techniques.

 It collects funds not only from the external sources but also from the internal sources.

 Total cost of the funds will be estimated.

 It reduces the risk and cost because of changes in the field of human sphere due to technological improvements, increase in marketing operations, introduction of computers have increased the role of financial management.

 It can decide how much funds would be needed and how they can be allocated to achieve the financial standards.

1.2.6 GOALS OR OBJECTIVES OF FINANCIAL MANAGEMENT

- **BASIC OBJECTIVES**.

 Profit maximization

 Wealth maximization

 Maintenance of adequate liquid assets.

- **OTHER OBJECTIVES**.

A) Profit maximization: Profit maximization is a common objective of every company and everyone wants to earn more profit. And if funds are utilized effectively automatically profit comes into business.

B. Wealth maximization: If profit maximization is for the short run then there will be unhealthy for the growth survival and overall interest of the business. So it is better to maximize the wealth and maximize the value of business.

C. Maintenance of adequate liquid assets in the firm.

Organization must maintain liquid assets to meet all short term obligations. And current asset in the form of cash in hand or bank, marketable securities to be maintained.

- **OTHER OBJECTIVES**:

 Ensuring a fair return to shareholders.

 Maximum operational efficiency and efficient and effective utilization of fund

1.2.7 FINANCIAL DECISIONS

Financial decisions are the procurement and effective utilization of funds are crucial tasks. The main function or decision area of financial management are popularly called financial decisions. The aspects covered in financial decision are the volume of funds to be invested, types of assets to be acquired, capital mix, pattern of distribution of profits, dividend policy decisions and other similar aspects.

Financial decisions can be broadly divided into 4 categories

- Requirement of funds decision.
- Financing decision.
- Investment decision.

- Dividend decision.

- **Requirement of funds decision**: In business requirement of funds and exact timing have to be estimated. Certain funds are required for long term purposes or for the working capital. Forecasting the requirements of funds involves the use of various techniques like budgetary control and long range planning.

- **Financing decision:** After estimation of funds required, a decision regarding various sources from where these funds would be raised. A proper mix of various sources has to be worked out. And finance manager has to carefully look into the existing capital structure and then decide about rising of funds.

- **Investment decision**: It involves selection of assets in which funds are invested by the firm. It also includes the issue of the shares from the investors.

- **Dividend decision:** Dividend decision is concerned with the decision to play or declare a dividend. Financial manager has to assist top management about declaring dividend and amount to be retained in the business

1.3INTRODUCTION TO FINANCIAL LITERACY

1.3.1 FINANCIAL LITERACY

The word finance applies to “any dealings with money.” Then, literacy refers to “knowledge or competence.” Therefore, when put together Financial Literacy means, “Knowledge and competence of how to deal with money.” When people are financial literate, they understand financial topics. However, this does not mean they will make right decisions when it comes to managing their money. Driven by sentiment and systems, their financial behaviors play an important role in their overall financial outcomes.

1.3.2 MEANING OF FINANCIAL LITERACY

Financial literacy is the ability to understand and effectively use various financial skills, including personal financial management, budgeting, and investing. Financial literacy is the foundation of your relationship with money, and it is a life-long journey of learning. The earlier you start, the better off you will be, because education is the key to success when it comes to money According to the report conducted by the Global Financial Literacy Excellence Center, only **24%** of the Indian adult population is financially literate.

Being financially literate allows an individual to be better prepared for specific financial roadblocks, which, in turn, decreases the chances of personal economic distress.

Achieving financial literacy is crucial in today’s society due to everyday facets of life, such as student loans, mortgages, credit cards, investments, and health insurance.

1.3.3 DEFINITION OF FINANCIAL LITERACY

According to national financial educator’s council,” financial literacy is possessing the skills and knowledge on financial matters to confidently take effective action that best fulfills an individual’s personal, family and global community goals.”

1.3.4 UNDERSTANDING FINANCIAL LITERACY

Financial literacy also requires the experience of financial principles and concepts, such as financial, planning, compound interest, debt management, efficient investment strategies, and money-time value. Financial illiteracy can lead to poor financial choices which can have negative effects on an individual's financial well-being.

The key steps to improve financial literacy include: - Learning the skills to create a budget - Ability to track expenses - Learning the strategies to pay off debt - Planning for retirement effectively

Such measures can also include financial specialist counselling. Educating about finances involves understanding how money works, developing and achieving financial goals, and handling internal and external financial challenges.

Financial literacy can help protect individuals from becoming victims of financial fraud, a type of crime that is becoming more commonplace—especially during the COVID-19 epidemic, which has caused customers to move online in high numbers.

1.3.4 HISTORY OF FINANCIAL LITERACY

It started with James Gilbart, a Victorian banker who did much to deepen the public understanding of banking. He was general manager of London & County Bank, one of the banks that eventually became part of NatWest. Outside working hours, he was a prolific author on banking matters, writing not only for his fellow bankers, but for laypeople too.

Gilbart believed passionately that everyone – not just the rich – should have a bank account, because they were such an important tool for helping anyone to get the most out of their money.

One of his most influential pieces was 'Ten Minutes' Advice about Keeping a Banker' (1849). In it, he explained not only the financial benefits of having an account, but the very simple, basic things that might intimidate someone who'd never been into a bank before. He described what to expect when walking through the door for the first time; what to say; how to act. He wanted to be sure that nobody felt at a disadvantage.

Stopping people from being at a disadvantage is a big part of financial education, and banks have become much more aware of its importance in recent decades. It was only in the 1920s that banks began to realize the diversity of our potential customers, and to see the need to adapt our services according to their needs. We started offering Home

Safe accounts, which were tailored to children and other small savers, helping them to feel welcome in the bank and encouraging them to learn the habit of saving.

In the 1960s we became more sophisticated in our understanding of our customers' diverse needs. One key group we began to cater for was students. These young people were managing their finances independently for the first time. Many opened their first current accounts as part of that process, and we realized that we had a role in helping them to get the hang of money matters. We published booklets and brochures aimed at students and school leavers, encouraging them to seek further advice at their local branch.

More recently, personal finance has become more complex than ever. There are more choices and opportunities – but also greater risks of getting it wrong. Financial awareness is a key skill in our society today.

NatWest recognized this development in 1994, when it launched the Face2Face with Finance programme, aimed at helping young people to become successful, financially capable adults. Unlike previous financial education, which had been offered in conjunction with bank products, this programme was delivered in schools and community groups, independent of the bank's products and services.

Today, the programme – now called Money Sense – has been running for 21 years, which means the children who benefit from it today might very well be the sons and daughters of those first Face2Face with Finance children, back in the '90s. There's still work to do, and that's what Money Sense is all about.

1.3.5 FUNDAMENTALS OF FIANANCIAL LITERACY

Financial literacy consists of several financial components and skills that allow an individual to gain knowledge regarding the effective management of money and debt.

Below are the fundamental components of financial literacy that should be learned

Budgeting

In budgeting, there are four main uses for money that determine a budget: spending, investing, saving, and giving away.

Creating the right balance throughout the primary uses of money allows individuals to better allocate their income, resulting in financial security and prosperity.

In general, a budget should be composed in a way that pays off all existing debt while leaving money aside for saving and making beneficial investments.

Investing

To become financially literate, an individual must learn about key components in regards to investing. Some of the components that should be learned to ensure favorable investments are interest rates, price levels, diversification, risk mitigation, and indexes.

Learning about crucial investment components allows individuals to make smarter financial decisions that may result in an increased inflow of income.

Borrowing

In most cases, almost every individual is required to borrow money at one point in their life. To ensure borrowing is done effectively, an understanding of interest rates, compound interest, time value of money, payment periods, and loan structure is crucial.

If the criteria above are understood sufficiently, an individual's financial literacy will increase, which will provide practical borrowing guidelines and reduce long-term financial stress.

Taxation

Gaining knowledge about the different forms of taxation and how they impact an individual's net income is crucial for obtaining financial literacy. Whether it be employment, investment, rental, inheritance, or unexpected, each source of income is taxed differently

Awareness of the different income tax rates permits economic stability and increases financial performance through income management.

Personal Financial Management

The most important criteria, personal financial management, includes an entire mix of all of the components listed above.

Financial security is ensured by balancing the mix of financial components above to solidify and increase investments and savings while reducing borrowing and debt.

Achieving an in-depth knowledge of the financial components discussed above guarantees an increase in an individual's financial literacy

1.3.6 IMPORTANCE OF FINANCIAL LITERACY

Financially literate consumers not only manage money with more confidence, but also have a better chance of handling the inevitable ups and downs of their financial lives by understanding how to prevent and manage issues as they arise.

That can mean keeping a close eye on their bank and credit card accounts so they're aware of potential fraud as soon as possible, or being able to recover from a costly unexpected car repair quickly thanks to ample cash savings. On the other hand, financial literacy can help consumers save diligently for things that matter to them, such as a vacation or their child's college education.

Here are the ways financial literacy can affect your life:

- Understand how much you earn and spend. When building financial literacy, making a budget is one important way to establish a true understanding of your income and expenses. Once you have a budget, you can continue to track spending and revisit your spending plan regularly. There are many budgeting methods—such as the zero-based or 50/30/20 plans—so choose the one that you're most likely to stick to.

- Repay and avoid debt. Seeking out the lowest interest rates when comparing loan terms can save a substantial amount over time, and so can paying off credit card balances each month so you don't accrue interest charges. If you already have debt, financial literacy can help you choose the best methods to get out of debt, either on your own or with the help of a reputable expert like a nonprofit credit counselor.

- Protect yourself from debt and bankruptcy. A crucial way to prevent debt from building is to create an emergency savings account. A financially literate saver knows how much to set aside—ideally three to six months' worth of expenses—and aims to keep it at that level at all times.

- Work toward a secure retirement. Whatever your other short-term plans, save for retirement at the same time. When you've become financially literate, you'll have a better idea how much to save, what type of retirement you want and how to get there.

1.3.7 IMPORTANCE OF FINANCIAL LITERACY FOR COLLEGE STUDENTS

Covid-19 pandemic has not only endangered millions of lives around the globe but has also plunged many people into a financial crisis. One of the many critical lessons that the coronavirus has taught us is the importance of being financially prepared.

Financial education is a basic life skill that has a direct impact on personal well-being. Basics like money management, savings, investing and debt will lay a strong foundation for money habits if imparted from a young age.

Learning personal finances and important money skills at an early age provides with lots of opportunities to apply them in real life. If you are already in a habit of budgeting, saving regularly and spending wisely, think about the jump-start you get in life.

People who understand how money works can start earning and investing from an early age and avoid lifelong money struggles.

Schools might not teach you to make financially responsible decisions. However, it is an essential part of everyone’s life. Below are 4 reasons why we need financial education from an early age.

- **Making a budget**

If you want to understand money management, the first thing you need to do is make a budget. It is of supreme importance to critically monitor how much you are earning and where it is getting spent.

- **Emergency fund**

A financially educated person understands the importance of an emergency fund.

The current scenario, more than ever, has made us realize that at any point in life we must have three to four months of expense set aside as savings. It is a decisive way to avoid debt.

- **Understand and manage debt**

Understanding the concept of cash flow, taxes and how debt works, helps you plan your finances better. A clear understanding of good and bad debts and recognizing the difference between appreciating and depreciating assets would help you grow your wealth.

For example, housing loan debt, would help you save taxes, create an asset that appreciates over time and potentially yield a cash flow in the form of rent.

On the other hand, something like a car loan would keep draining you financially with monthly insurances, recurring petrol expenses and depreciating value over time.

- **Retirement plan**

In a developing country like India, social security is not available to the younger generation. To live comfortably even after retirement, you need to save and invest as soon as you start earning or even as a college student. One needs to earn their financial freedom.

1.3.8 EFFECTS OF FINANCIAL ILLITERACY

Financial illiteracy affects all ages and all socioeconomic levels and the lack of it may lead to poor financial choices that can have negative consequences on the all-round well-being of an individual.

It can cause many people to become victims of predatory lending, subprime mortgages, or fraud and high interest rates, resulting in bad credit or bankruptcy.

The lack of financial literacy can lead to large amounts of debt and poor financial decisions. For example, the advantages or disadvantages of fixed and variable interest rates are concepts that are easier to understand if you possess financial literacy skills.

Research studies on financial literacy have shown that most financial consumers lack the ability to understand and effectively manage basic financial concepts or products. A lack of financial literacy education is responsible for poor money management skills and below-par financial planning for business and retirement.

Here are some of the effects financial illiteracy can have:

- Financial illiteracy prohibits individuals from becoming productive members of the economy and society much like the inability to read or write disadvantages generations.
- Financial illiterate persons are not able to assess financial risks and opportunities. This makes it difficult for them to make informed choices and take effective actions to improve one's financial well-being which is a must in a today's society.
- Financial illiteracy handicaps anyone seeking to become financially secure. The impact for example include slow savings rates, potential for stock market panics, and increased potential for losses due to frauds and trickery.

- Financially illiterate people are prone to making costly financial errors such as high debt loads, substantial income unaccounted for, inadequate insurance, lack of investment diversification, insufficient use of tax-favoured investments, inadequate of emergency funds, lack of clearly defined personal and financial goals.

- Financial illiteracy cuts across all socio-economic boundaries from low-income to high-income families, and even the well-educated, high-income adults may not know how to budget properly or manage their money well.

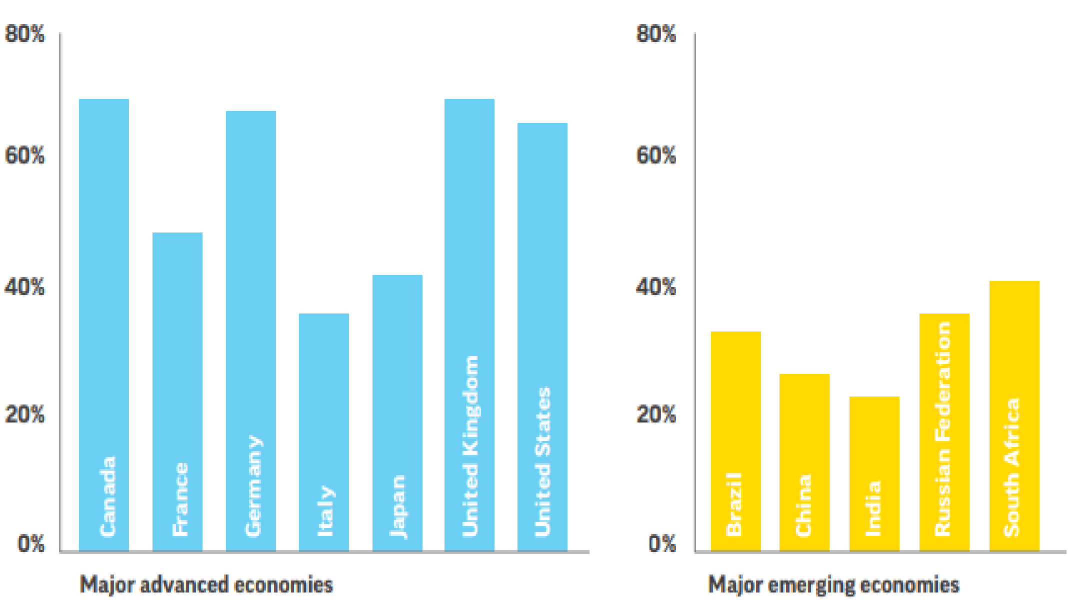
- Financial illiteracy makes one unable to serve as their own advocates. In these times of the proliferation of a number of financial products and services that are unsuitable, unnecessarily costly or abusive, one needs to make sound decisions.

- Financial illiteracy is also a cost to most SMEs and informal sector players. Owner mangers who do not understand finance are harming their own career prospects and storing up future disasters for their businesses. These managers are less able to discuss financial performance and make sound investments.

- Financial illiteracy forces one to be afraid of asking important questions that could help them to avoid the wrong decisions. This then affects the operation of their firms and negatively affects the potential for profits. Financial literacy is more important in a country like Zimbabwe currently dominated by SMEs which have no capacity to engage skilled manpower to handle finances for them.

1.3.9 FINANCIAL LITERACY IN INDIA

According to the 2011 census, 74.04% of the total population is literate, but only a few understand the importance of financial literacy.



Graph 1.1 showing financial literacy

According to the report conducted by the Global Financial Literacy Excellence Center, only 24% of the Indian adult population is financially literate. In comparison to other major emerging economies, the financial literacy rate of India is the lowest. This is due to inter-state disparities, lack of formal training and awareness. While other emerging economies have better financial literacy rates, there's still scope for more improvement.

Table 1.1 showing financial literacy of different states

Table 1: State-wise level of Financial Literacy in India (2015)

Name of the State	General Literacy (in Percentage)	Financial Literacy (in Percentage)
Andhra Pradesh	60	23
Arunachal Pradesh	55	10
Assam	61	20
Bihar	50	8
Chhattisgarh	60	4
Goa	80	50
Gujarat	68	83
Harayana	65	21
Himachal Pradesh	73	16
Jharkhand	56	15
Karnataka	67	25
Kerala	84	36
Madhya Pradesh	59	23
Maharashtra	73	17
Manipur	69	36
Meghalaya	60	24
Mizoram	77	6
Nagaland	68	8
Odisha	64	9
Punjab	67	13
Rajasthan	56	20
Sikkim	73	8
Tamil Nadu	72	22
Tripura	67	21
Uttar Pradesh	57	10
Uttarakhand	68	23
West Bengal	67	21

Source: Data Compiled from the National Centre for Financial Education Report, 2015

Table 1.2 showing percentage of financial literacy across different union territories.

Name of the Union Territory	General Literacy (in Percentage)	Level of Financial Literacy (in Percentage)
Andaman and Nicobar Island	82.43	14
Chandigarh	81.19	38
Daman And Dui	79.55	29
Dadra And Nagar Haveli	64.32	31
Delhi	80.76	32
Puducherry	80.67	21
Lakshwadeep	87.95	22

Above tables represent State and Union-Territories wise levels of Financial Literacy in India. Metropolitan areas like Maharashtra, Delhi, and West Bengal have financial literacy rates of 17%, 32%, and 21%, respectively. States like Bihar, Rajasthan, Jharkhand and Uttar Pradesh where poverty is rampant have low literacy rates. The data identifies inter-state disparities. While Goa has the highest literacy rate of 50%, Chhattisgarh is lacking financial education and has the lowest literacy rate of 4%.

1.3.10 SCOPE OF FINANCIAL LITERACY IN INDIA

According to its literal definition, financial literacy is the ability to use skills and knowledge to take effective and informed money-management decisions. For a country like India, this plays a bigger role as it is considered an important adjunct to promotion of financial inclusion and ultimately financial stability.

As per a global survey by Standard & Poor’s Financial Services LLC (S&P) less than 25% of adults are financially literate in South Asian countries. For an average Indian, financial literacy is yet to become a priority. India is home to 17.5% of the world’s population but nearly 76% of its adult population does not understand even the basic financial concepts.

The survey confirms that financial literacy in India has consistently been poor compared to the rest of the world. Financial illiteracy puts a burden on the nation in the form of higher cost of financial security and lesser prosperity. An example of this is the fact that most people resort to investing more in physical assets and short-term instruments, which conflicts with the greater need for long-term investments, both for households to meet their life stage goals and for meeting the country's capital requirements for infrastructure.

In India, there are also certain erroneous beliefs associated with financial literacy, the most common being the myth that one who is 'literate' or 'rich' is also 'financially literate'. Lack of basic financial understanding leads to unproductive investment decisions.

Another myth is that financial literacy is more important for adults. We can achieve the desired results from financial literacy only when we start educating our children. Like many other provocative topics, money is something that kids hear about outside homes as well, which exposes them to wrong perceptions.

Financial regulators in India—Reserve Bank of India (RBI), Securities and Exchange Board of India (Sebi), Insurance Regulatory and Development Authority of India (Irdai) and Pension Fund Regulatory and Development Authority (PFRDA)—have created a joint charter called 'National Strategy for Financial Education', detailing initiatives taken by them and also other market participants like banks, stock exchanges, broking houses, mutual funds and insurers. What is required is a joint effort by all the banking, financial services and insurance companies as well to be able to achieve noticeable changes in the perceptions that an average Indian has about financial management. It's time to bring individual efforts under one framework to ensure better outcomes.

In this regard, it is important to note that empirical evidence points to the fact that digital efforts like video clips, short films and interactive quizzes on financial education have had a far greater impact than the traditional medium. Digital fluency is expected to increase with government initiatives such as Digital India.

The recent mammoth exercise of demonetization should help bring many more people into the organized sector, thereby opening up possibilities for financial inclusion and literacy. While only 53% of Indians had bank accounts against 79% in China till 2014 (as per World Bank Gallup Global Findex Survey 2014), the gap has narrowed significantly after the launch of Pradhan Mantri Jan Dhan Yojana, which has led to over 280 million new accounts being added to the financial system (as of 5 April 2017, according to government data).

The launch of digital wallets, Universal Payments Interface (UPI) and new-age commercial and payments banks have paved new ways for a less-cash economy. According to RBI, the total number of digital transactions has grown from over 419 million in November 2015 to 692 million in March 2017. But there is still huge scope. Nigeria, for example, is almost one-fourth of India's economy, but reported over 910 million digital transactions in 2016 alone.

The push to increase usage of mobiles for payments is significant, as India is already the world's second biggest smartphone market with over 220 million smartphone users. Mobile internet users in India total 350 million, and are expected to grow 50 million every year till 2020. These numbers create enormous possibilities to go digital and create new opportunities to engage and share financial knowledge with consumers.
Financial literacy and financial stability are two key aspects of an efficient economy. Financial literacy enhances individuals' ability to ensure economic security for their families. In India, on one hand, there is a need to reach out to lower income groups and economically weaker sections, and on the other, to millennials who are hyper-connected and require tailor-made financial products but have limited awareness of the possible financial solutions.

The millennials are economically more active compared to their predecessors but are also more fragile in dealing with personal finances. The bottom-line, therefore, is that a 'me-too' approach to financial literacy will not work in India. All stakeholders including consumers must work in conjunction for financial literacy through a combination of innovative strategies.

1.4 FINANCIAL INCLUSION

Financial inclusion refers to efforts to make financial products and services accessible and affordable to all individuals and businesses, regardless of their personal net worth or company size. Financial inclusion strives to remove the barriers that exclude people from participating in the financial sector and using these services to improve their lives. It is also called **inclusive finance.**

- Financial inclusion is an effort to make everyday financial services available to more of the world's population at a reasonable cost.
- Advancements in fintech, such as digital transactions, are making financial inclusion easier to achieve.
- However, the World Bank estimates that some 1.7 billion adults worldwide still lack access to even a basic bank account.

1.4.1 OBJECTIVES OF FINANCIAL INCLUSION

- Financial inclusion intends to help people secure financial services and products at economical prices such as deposits, fund transfer services, loans, insurance, payment services, etc.
- It aims to establish proper financial institutions to cater to the needs of the poor people. These institutions should have clear-cut regulations and should maintain high standards that are existent in the financial industry.
- Financial inclusion aims to build and maintain financial sustainability so that the less fortunate people have a certainty of funds which they struggle to have.
- Financial inclusion also intends to have numerous institutions that offer affordable financial assistance so that there is sufficient competition so that clients have a lot of options to choose from. There are traditional banking options in the market. However, the number of institutions that offer inexpensive financial products and services is very minimal.

- Financial inclusion intends to increase awareness about the benefits of financial services among the economically underprivileged sections of the society.
- The process of financial inclusion works towards creating financial products that are suitable for the less fortunate people of the society.
- Financial inclusion intends to improve financial literacy and financial awareness in the nation.
- Financial inclusion aims to bring in digital financial solutions for the economically underprivileged people of the nation.
- It also intends to bring in mobile banking or financial services in order to reach the poorest people living in extremely remote areas of the country.
- It aims to provide tailor-made and custom-made financial solutions to poor people as per their individual financial conditions, household needs, preferences, and income levels.
- There are many governmental agencies and non-governmental organizations that are dedicated to bringing in financial inclusion. These agencies are focused on improving the access to receiving government-approved documents. Many poor people are unable to open bank accounts or apply for a loan as they do not have any identity proof. There are so many people who live in rural areas or tribal villages who do not have knowledge about documents such as PAN, Aadhaar, Driver's License, or Electoral ID. Hence, they cannot avail many of the services offered by governmental or private institutions. Due to lack of these documents, they are unable to avail any form of subsidies offered by the government that they are actually entitled to.

1.5 INSTITUTIONS PROMOTING FINANCIAL LITERACY IN INDIA

- **Initiatives taken by RBI‟s on Financial Education Reserve Bank of India's** developmental role includes Financial Inclusion and Financial Education. Towards this, RBI has produced many comics, handbooks, booklets etc. which are available on its website in nearly 13 languages so that banks and other participants can download and use it to spread information and aware the public about financial products and services. In a move to provide elementary financial literacy information to general public RBI has designed the booklet FAME (Financial Awareness Messages). FAME Contains financial awareness messages, such as, documents needed to be submitted while opening a bank account (KYC), importance of budgeting, saving and responsible borrowing, maintaining creditworthiness, a credit score and by repaying loans on time, doorstep banking and localized banking, process of lodging complaints at the bank and the Banking Ombudsman, usage of electronic transfers, capitalizing money in registered entities etc. Audiovisuals have also been produced to create awareness on the topics like "Basic Financial Literacy", "Unified Payments Interface" and "Going Digital". The pictorial booklet series of Reserve Bank named 'Raju' and „Money Kumar' were also effective ones. The booklets 'Raju‟ taught about banking concepts and savings habits and The 'Money Kumar' clarified the role and functions of the Reserve Bank of India. The project titled “Project Financial Literacy” is also instrumental to the financial literacy programme of RBI. The objective of this project is aimed to disseminate information regarding RBI and universal banking concepts to various target groups. Apart from this, RBI also organises town hall and outreach visits in which all the top executives take part and disseminate information about economy, banking and RBI. It also arranges visits of school and college students to RBI to know and understand its functioning.

- **Initiatives taken by SEBI on Financial Education** the Securities Exchange Board of India has undertaken financial education programmes through a nationwide campaign. SEBI has established National Institute of Securities Market (NISM) which introduced „School for Investor Education and Financial Literacy‟ to boost financial skill in individuals from all walks of life. NISM also conducts Investors Education programme since 2014. NISM conducts Financial literacy quizzes and Pocket money financial literacy programmes in schools every year. SEBI has appointed Resource Persons, who are trained and equipped with the knowledge of financial markets for conducting investor awareness programmes all over the country. They are appointed to impart financial education to people at various sections of the society. SEBI also seek the help of intermediaries financial market like stock exchanges, depositories, Association of Mutual Funds in India, Association of Merchant Bankers of India, etc. Through „Visit SEBI‟ programme, students from various educational institutions are encouraged to visit SEBI and understand its operations. SEBI has set up SEBI Helpline and SCORES (SEBI Online Complaint Redressal System) through which investors across the country could file complaints and get their grievances settled.

- **Initiative taken by IRDA on Financial Education** the Insurance Regulatory and Development Authority has also taken a number of initiatives in the field of financial literacy. Awareness programmes have been organized regularly to convey about the rights and duties of policyholders, mechanism available for dispute and grievance redressal etc. through National Strategy for Financial Education (NSFE). These messages have been dispersed all over the country in different Indian languages through various channels of communication like television, radio, print media etc. IRDAI has also participated in the “JAGO GRAHAK JAGO” programme of Ministry of Consumer Affairs, Food and Public Distribution, Government of India, which aims to educate consumers. IRDA‟s insurance awareness campaign 'Bima Bemisaal' is the consumer education initiative with the tagline "Promoting Insurance Protecting Insured” which creates awareness about insurance among the general public. A central repository of grievances has been created by IRDA, named Integrated Grievance Management System (IGMS) which facilitates registration of policyholders complaints and help them continuously track its progress. To improve on its strategy of creating insurance awareness IRDA has done a survey on awareness levels about insurance which was carried out through the NCAER. IRDA sponsors many seminars on insurance and organizes seminars on policyholder protection and welfare. Like RBI, IRDA has published „Policyholder Handbooks" and comic book series on insurance. IRDA has also launched the website www.policyholder.gov.in for education of policyholders.

- NCFE National Council of Financial Education - A collective effort of RBI, SEBI, IRDA National Centre for Financial Education (NCFE) is established with the support of financial sector regulators i.e. Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority (IRDA) along with additional support from Pension Fund Regulatory and Development Authority (PFRDA) and Forward Markets Commission (FMC), to enhance financial literacy and financial inclusion in India. NCFE conducts National Financial Literacy Assessment Test (NFLAT) every year targeted towards students of Classes VIII to X. This test helps students to acquire financial knowledge during schooling itself. NCFE has initiated FETP (Financial Education Training Program) for providing unbiased personal financial education to people and organizations for improving financial literacy in the country. The program is based on two pillars; education and awareness, the major objective of which is to establish a sustainable financial literacy movement that can endow people's lives. NCFE is also conducting FETP for school teachers of class 8 to 10 across India. After completion of the training, these teachers are certified as "Money Smart Teacher" and facilitate guiding financial education classes in schools and inspire students to obtain basic financial skills

1.6 RELATIONSHIP BETWEEN FINANCIAL LITERACY AND FINANCIAL INCLUSION.

Financial Inclusion is a lofty ideal but **Financial Literacy is the first step towards achieving Financial Inclusion.** Financial Literacy can be seen as the demand side of Financial Inclusion. It is considered an important adjunct for promoting financial inclusion, financial development and ultimately financial stability. It has assumed greater importance in recent years especially from 2002 as financial markets have become increasingly complex and the common man finds it very difficult to make informed decisions. Financial Inclusion comes with potential dangers. Recent experiences in the microfinance arena have shown that poor people take loans that they have no capacity to service. Farmers have also taken loans that they have not been able to repay. Many have been driven to suicide because of debt problems. Unless financial literacy goes hand in hand with financial inclusion, instead of helping the poor, they will be put into more trouble. Other examples are the crisis of the Tirupur exporters on currency derivatives, and the mortgage crisis, in the U.S., which has led to global crisis. **Financial literacy refers to the ability to make informed judgments and to take effective decisions regarding the use and management of money**. It is regarded as an important requirement for functioning effectively in modern society. It enables a person to understand the importance of savings. India is among the world’s most efficient financial markets in terms of technology, regulation and systems. It also has one of the highest savings rate in the world. In spite of the same, India is still one of the poorest countries in the world. While savings are more in India, where the savings are invested is a cause for concern. Wealth creation for the investor and the economy will remain a distant dream, unless the common man becomes a wiser investor and is protected from wrong doings. We need to convert a country of savers into a nation of investors. Financial literacy can make a difference not only in the quality of life that individuals can afford, but also the integrity and quality of markets. It can provide individuals with basic tools for budgeting, help them to acquire the discipline to save and thus, ensure that they can enjoy a dignified life after retirement. In India, the need for financial literacy is even greater considering the low levels of literacy and the large section of the population, which still remains out of the formal financial set-up especially in the rural areas. Unfortunately, it is a fact that even graduates in India are not really financially literate. Wealth creation for the investor and the economy will remain a distant dream, unless the common man becomes a wiser investor and is protected from wrong doings. We need to convert a country of savers into a nation of investors. Financially educated consumers, in turn, can benefit the economy by encouraging genuine competition, forcing the service providers to innovate and improve their levels of efficiency. Government of India through its various agencies like RBI, SEBI, NABARD, State Bank of India etc. have been trying to give financial literacy and financial education to its citizens in the last few years. There has been plethora of talks in this direction.

CHAPTER-2

REVIEW

OF

LITERATURE

Financial literacy among the adults of India is very low. Previously conducted research shows the evidence that financial literacy ranged from low to moderate.

A sound knowledge of personal finance is essential for an individual on personal front.

- **Vidya Sarat G, Karthik Rawal and Amritha N (2019**) conducted a study on financial literacy among college students in Bangalore. The concluded on the note that level of financial literacy ranged to moderate level of knowledge which is a matter of concern. and makes a need for awareness about its importance in the life an individual, for his/her family and as whole for the economy. So there should be proper focus on formulation of certain programs as stated in suggestions and recommendations of this study to make a greater impact to increase the financial literacy among Indian youths. As they are the backbones to this economy, as India being a young nation and there is long way to go and investments and financial instruments are directly affecting the growth of the economy.

- **Dr. Vijetha S. Shetty and Baby Jaison Thomas (2017),** the financial knowledge among student in Mumbai is poor as compared to the global standards. A large part of this is due to poor numeracy skills and can be attributed to the poor elementary and primary education system as documented in other studies. There should be more focus that needs to be done for increasing the financial literacy amongst all the students of different faculties as they are the future of the country. One question which was exclusively asked to commerce students regarding their attitude towards Financial Investment, as to it has it been changed positively after studying subjects related to finance in curriculum, has found an overwhelming response of 98% as 'YES'. Hence it is very clear that a lot needs to be done under academics to enhance the financial literacy of the students. As in present and future when India embarks on the journey of economic growth, the economic growth wouldn't be meaning full and real to the masses of country in the absence of complete Financial Literacy.

- **Dr. S. Amutha Rani and S. Saraswathi (2017)** conducted a research in which the evidences obtained from this research work, researcher can able to conclude that most of the college students are aware about banking service and other investment. Arts students have better knowledge about financial literacy compared with science students. Inculcating the financial literacy among college students paves a way to flourish the knowledge of financial product in the midst among general public. It leads to growth of our economy in a rapid manner.

- **Dilip Ambarkhane, Bhama Venkataramani and Ardhendu Shekhar Singh (2015)** The level of financial literacy worldwide is observed to be low. Considering the education system in India, we suspect that financial literacy here must be at low level. Moreover, we have a large unbanked population; financial literacy will help in bringing them in formal financial fold. It will favorably affect not only economic aspects of individuals but also social aspects. There are many malpractices and frauds taking place in financial sector. Financial literacy will help the people by preventing them in getting in to those traps. It will act as preventive as well as curative measure for the consumers. This highlights the need for basic level financial education in the school curriculum and also suitable inputs at college level depending upon their level of financial literacy. The inputs should address attitude and behavioral aspects in addition to knowledge.

- **VISA** study ranks India at the 23-rd position among the 28 countries surveyed. Their study found that the children and the young have significantly lower level of literacy compared to adults. The findings suggest that high financial knowledge is not widespread among Indians. Less than one-fourth rank among the highly knowledgeable by the OECD approach. The financial knowledge among Indians appears to be low by global standards. The basic principles related to money and household finance, such as compound interest, impact of inflation on rates of return and prices, and the role of diversification are not well understood. As most personal financial decisions involve these concepts, their limited understanding is a serious matter.

- **Agarwalla Sobhesh Kumar, Barua Samir, Jacob Joshy, Jayanth R. Varma (2012)** conducted a study among 3000 individuals, and found that financial knowledge among Indians is very low than the International standards. But the financial behavior and attitude of the employees and retired seems to be positive. The financial knowledge among the women are marginally high than the men. Greater access to consumption credits has influenced the financial behavior of young employees. Financial literacy was examined among 11 individuals which showed that the financial literacy is low and lesser than one third of the young adult possess the basic knowledge of interest rates, inflation and risk Diversification. Financial literacy was strongly related to socio demographic characteristics and family financial sophistication. Specifically, a college educated male whose parents had stocks and retirement savings was about 45 percentage points more likely to know about risk diversification than a female with less than a high school education whose parents were not wealthy.

- **Study by Marzieh (2013)** revealed that the age and education are positively correlated with financial literacy and financial wellbeing. Married people and men are more financially literate. Higher financial literacy leads to greater financial well-being and less financial concerns.

- **Lavanya Rekha Bahadur (2015),** analysed two pillar of the economy: financial literacy and financial inclusion and its current scenario as well as common people perspective about financial instruments. Data collected from 202 Mumbai and thane district individuals. It is found that level of financial literacy is very low and suggested to encourage financial literacy from school level, national level programs and seep effort to the grass root level.

- **Dr. J. Gajendra Naidu (27-10-2017),** Rapid growth of Indian economy and complex financial market leads to improper financial decisions. To achieve the financial objectives one has to possess basic financial skills, awareness, knowledge, attitude and good demonstrated behaviour. Various studies reveal that the financial literacy level in India is very low, especially women and youngsters who are struggling with their basic financial knowledge.

CHAPTER-3

RESEARCH DESIGN

REASEARCH

Research is the careful consideration of study regarding a particular concern or problem using scientific methods. The research has been defined as “A careful investigation or enquiry especially through search for new facts in branch of knowledge”.

TITLE OF THE STUDY

“A STUDY ON ANALYSING THE FINANCIAL LITERACY AMONG COLLEGE STUDENTS WITH REFERNCE TO BANGALORE CITY”

3.1 OBJECTIVE OF THE STUDY

- To identify the level of financial literacy among college students.
- Determining the causes for financial illiteracy.
- To provide constructive suggestion for improving financial literacy.
- Analyzing students’ perception towards financial literacy or personal finance.
- To study the investment attitude of the college students.

3.2 STATEMENT OF THE PROBLEM

There are a lot of opportunities in the finance through which student can be financially strong and not wholly depend on parents, but the level of personal finance knowledge among college students seems to be low. Hence, the study is conducted to determine the level of financial knowledge and perception of college students towards personal finance.

Investing from an early age is very fruitful but the number of college students taking this benefit seems to be very low. Thus, the study also finds the investment attitude of the college students. The students can make use of the compounding. For improving the financial literacy of college students it is essential to find the reasons leading to the less knowledge of the personal finance among college students.

3.3 SCOPE OF THE STUDY

The scope of the study is restricted only to the college students of the Bengaluru city both undergraduate and postgraduate. The study has focused on evaluating the basic financial awareness and financial behaviour of the college students. The report also shows perception of students towards investment. It also shows the students suggestion for improving their financial literacy. As financial literacy is the first step towards financial inclusion, it is very essential to have a sound financial knowledge from an early age. The findings of the study and conclusion drawn are based on the analysis of the information collected through questionnaire and communication with the respondents

3.4 RESEARCH METHODOLOGY

The study was conducted on 100 college students of Bengaluru city. The students belong to the following colleges:

The students belonged to various courses like B.tech, B.Com, BBA, BA, MA, MBBS,and M.tech .

The research design is EXPLORATORY DESIGN as it has explored facts about the financial literacy of college students, which has been explained in the findings part of the study.

The study has also done CASUAL RESEARCH to find the causes of the lack of financial knowledge and has also seek suggestions from student to improve financial literacy and Perception of college students regarding personal finance

3.5 DATA COLLECTION

Data collection is the process of gathering and measuring information on variables of interest, in an established systematic fashion that enables one to answer stated research question, test hypothesis and evaluate outcomes.

Sources of research data: - Both primary and secondary data has been use for the study.

- **Primary data**

1. Data is collected through discussion with the college students of Bengaluru.
2. Questionnaire method is used to record opinion of the college students.

- **Secondary data**

1.Secondary data is collected through various websites, published and unpublished sources.

2.Data of literature review is collected from various sources available on the internet.

3.6 Sampling

Sampling element	College students of Bengaluru
Sampling unit	Students of Acharya institute of graduate studies, AIT, CMR institute, sapthagiri college, sheshadripuram college ,dayanand sagar university brindavan college and kristu jaynti college.
Sample size	100
Survey technique	Questionnaire

3.6.1 Sampling procedure

From large amount of student, 100 students were selected on random basis belonging to different colleges within Bangalore city. The style of sampling is convenience sampling.

3.7 Tools and analysis techniques: -

- Tools and techniques used for survey is questionnaire which is used to collect data from the respondents.

- Having collected the information, the information will be represented by using statistical tools

3.8 Statistical tools

- Percentages
- Averages
- Tools like table, bar chart, pie chart

3.9 Hardware and software technologies

- Personal computer with internet access
- Internet
- MS word and MS excel
- Google form for collection data

3.10 LIMITATIONS OF THE STUDY

- The present data is only restricted few colleges in the Bengaluru and hence it cannot be generalized.

- The authenticity of the data provided depends on the rationality of the respondents

3.11CHAPTER SCHEME

CHAPTER 1 INTRODUCTION

It contains meaning of finance, types of finance, meaning of personal finance, financial literacy in India, institutions involved in promoting financial literacy.

CHAPTER 2 REVIEW OF LITERATURE

In this chapter, discussion is about previously conducted research on this topic

CHAPTER 3 RESEARCH DESIGN

This includes meaning of research design, title of the study, objective of the study, statement of problem, scope of the study research methodology, source of data and limitation of the study.

CHAPTER 4 DATA ANALYSIS AND INTERPRETATION

In this chapter using various statistical tools, data is analyzed and interpreted.

CHAPTER 5 CONCLUSION AND SUGGESTION

This chapter contains the summary, findings, and conclusion of the overall research.

It also includes the suggestion.

Chapter -4

Data analysis and interpretation

Data analysis is a powerful analytical tool for measuring a specific function or objective. The data analysis concentrates on the inter-relationship among the variables appearing in the tabular and graphic form.

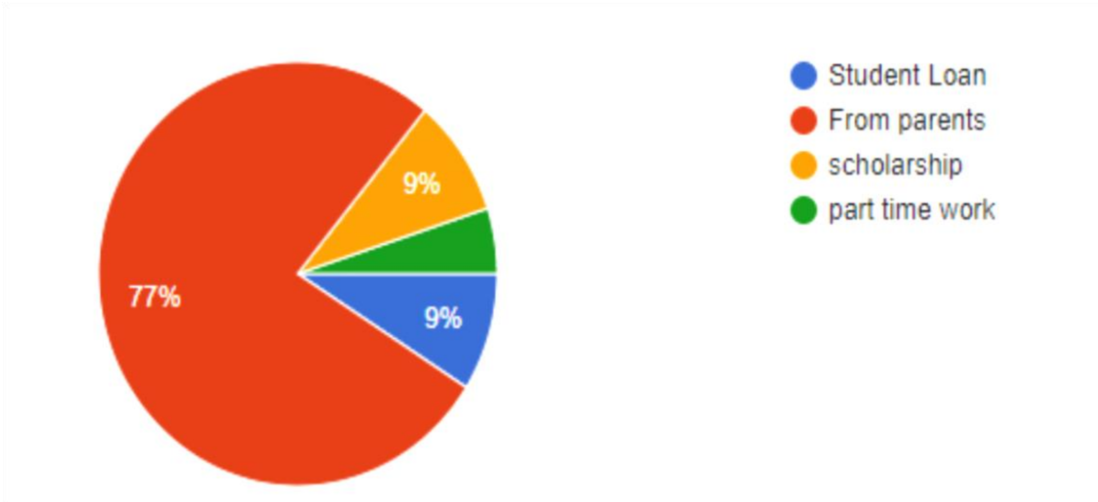
1. How do you get your finances?

Table 4.1 showing students source of finance	
Options	**Respondents**
Student loan	09
From parents	77
scholarship	09
Part time work	05
Total	100

ANALYSIS

- From the above table we can know that how Bengaluru college students get their finance.
- To analyze the above statement, we have taken 100 respondents.
- Among the100 respondents 9 students are dependent on student loan.
- Out of 100 respondents 77 respondents are fully dependent on their parents.
- Among the 100 respondents 9 respondents are dependent on scholarship.
- Only 5 respondents out of 100 are involved in part time work.

Graph 4.1 showing student source of finance



INFERENCE

- From the above graph we can know the Bengaluru college students source of finance.
- For the analysis we have taken 100 respondents.
- Among the 100 respondents 9% of the students are dependent on the student loan.
- Out of 100 respondents, 77% of the respondents are dependent on their parents for the finance which means that they are fully dependent on their parents.
- 9% of the respondents are dependent on the scholarship.
- Among 100 respondents, only 5% of the respondents are doing part time work for their finance.

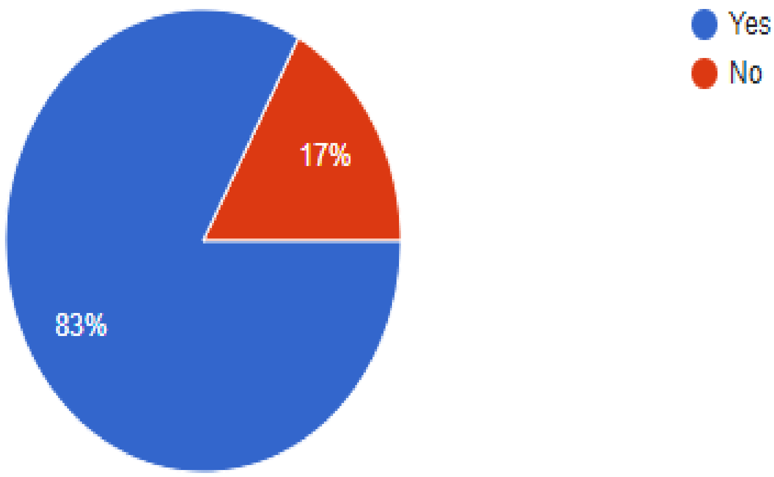
2. Do you have a bank account of your own?

Table 4.2 showing number of college students having their own bank account	
Options	**Respondents**
YES	83
NO	17
Total	100

ANALYSIS

- From the above table, we can know whether Bengaluru college students have their bank account or not.
- To analyze the above table, we have taken 100 respondents from different colleges of Bengaluru.
- Among the 100 respondents, 83 respondents said that they are having their own account and they are very much active on that.
- Among the 100 respondents, 17 respondents accepted that they don't have bank account of their own.

Graph 4.2 Showing the college students having Bank Account of Their Own



INFERENCE

- From the above table we can understand the number of college students who have their own bank account.
- For the analysis of the above graph we have taken 100 respondents.
- Among the 100% respondents, 83% respondents have bank account of their own. It means that they are availing the modern banking benefits.
- Among 100% respondents, 17% respondents don't have their bank account. This implies that they are dependent on their parents account to carry out banking activities.

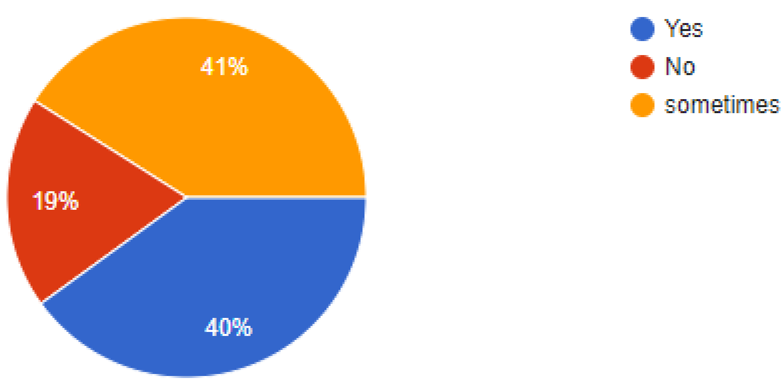
3. Do You manage or plan your finance?

Table 4.3 showing planning of finance by college students	
Options	**Respondents**
YES	40
NO	19
SOMETIMES	41
Total	100

ANALYSIS

- From the above table we came to know whether the college students are managing/planning their finance or not.
- The information is recorded from 100 respondents from different colleges of Bengaluru.
- Among the 100 respondents, 40 respondents agreed that they manage their finance.
- Out of 100 respondents 19 respondents said that they do not manage their finance.
- Among 100 respondents 41 respondents agreed or accepted that they sometimes manage their finance.

Graph 4.3 Showing The Number of Students Who Plan Their Finance.



INFERENCE

- From the above graph we are able to understand how many college students of Bengaluru do planning of their finance.
- To analyze this, we have recorded the response of 100 respondents.
- Among the 100% respondents, 40% of the respondents manage/plan their finance. This means that they do proper planning and budgeting of the amount. They are fully aware about level of income and extent of expenditure.
- 19% of the respondents accepted that they do not they do not plan their finance, which means that they do not keep track of their expenses.
- 41% of the respondents agreed that they manage their finance "sometimes". This implies that they plan their finance depending on the situation.

4. Personal finance means managing and investing our own money for personal benefits. Do you have any knowledge about that?

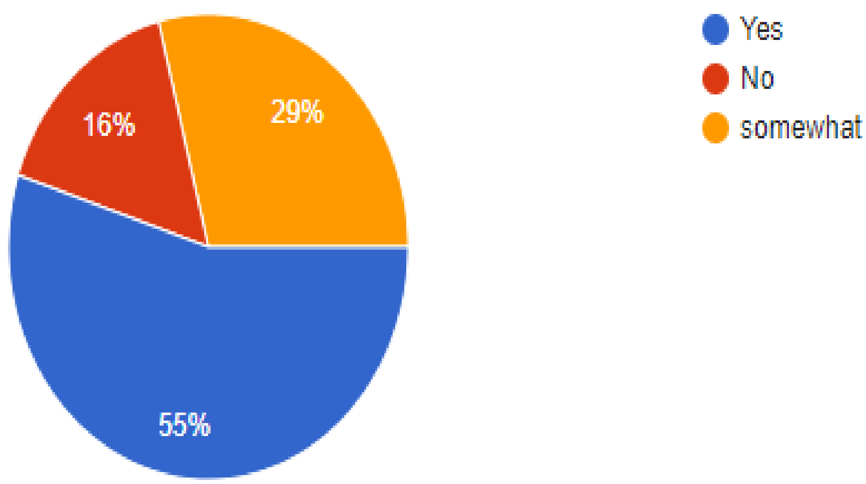
Table 4.4 showing personal finance knowledge of the college students

Options	Respondents
Yes	55
NO	16
SOMEWHAT	29
TOTAL	100

ANALYSIS

- Form the above table we came to know about whether the college students of Bengaluru idea of personal finance or not.
- To analyze this, we have taken information from 100 respondents belonging to different colleges of Bengaluru.
- Among the 100 respondents, 55 respondents accepted that have a knowledge about personal finance.
- 16 respondents accepted that they don't have knowledge about personal finance.
- Remaining 29 respondents agreed that they have a little knowledge about personal finance.

Graph 4.4 showing personal finance knowledge of the college students.



INFERENCE

- The above graph shows the college students acceptance whether they have personal finance knowledge or not.
- For analyzing we have collected the data from 100 respondents belonging to different colleges of Bengaluru city.
- Among the 100% respondents only 55% of the respondents believe that they have knowledge regarding personal finance. This implies that they are managing and investing their money for personal benefits.
- 16% of the respondents accepted that they do not have knowledge of personal finance which means that they are not at all involved in utilizing their money for personal growth. These respondents have never been introduced to the ideas of personal finance.
- Remaining 29% of the respondents agreed that they a little bit knowledge of personal finance. This means that they do not have proper exposure to the ideas and concepts of personal finance.

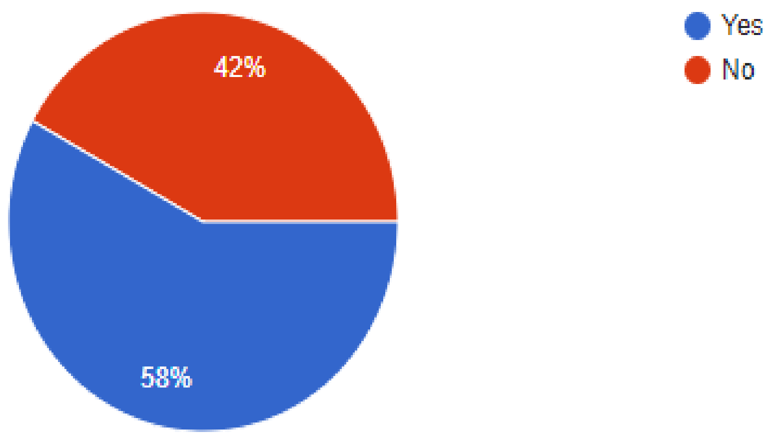
5. Do you regularly save money?

Table 4.5 showing number of college students who regularly save money.	
Options	**Respondents**
YES	58
NO	42
Total	100

ANALYSIS

- From the above table we can understand the number of college students who regularly save money.
- To analyze the above table, we have taken 100 respondents from different colleges of Bengaluru city.
- Out of 100 respondents 58 respondents agreed that they save money regularly.
- Among the 100 respondents 42 respondents accepted that they do not save money regularly.

Graph 4.5 showing number of college students who regularly save money.



INFERENCE

- From the above graph we can understand the number of college students who regularly save money.
- To analyze the above graph, we have taken data from 100 respondents.
- Among the 100% respondents 58% of the respondents have agreed that they regularly save money. This means that that these respondents are creating the backbone of financial wealth. The respondents are ready for any financial emergency. They are avoiding debt and reducing financial stress on their parents.
- On the contrary 42% of the respondents do not save money regularly. They are at a very financial risk and may invite debt to meet the large amount of expense.

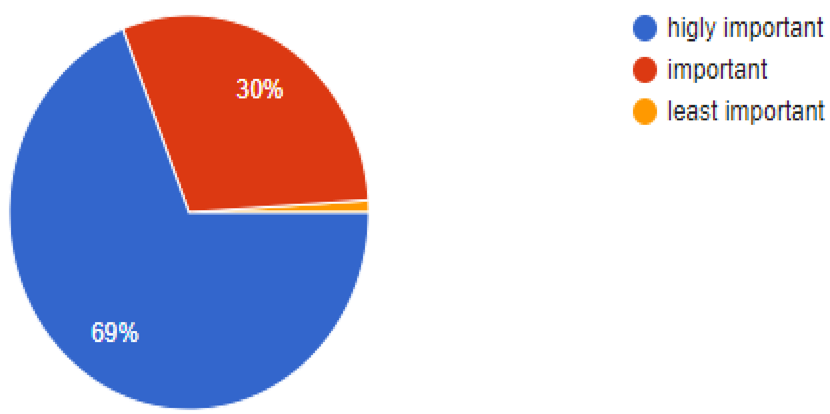
6. How Important Is Personal Finance?

Table 4.6 showing students perception towards personal finance	
OPTIONS	**Respondents**
HIGHLY IMPORTANT	69
IMPORTANT	30
LEAST IMPORTANT	01
TOTAL	100

ANALYSIS

- From the above table we can understand the perception of college students towards the personal finance.
- To analyze this, we have taken 100 respondents from different colleges of Bengaluru city.
- Among the 100 respondents 69 respondents perceived personal finance to be highly important.
- Out of 100 respondents 30 respondents agreed that personal finance is important.
- Among 100 respondents only 1 respondent accepted that personal finance is of least importance.

Graph 4.6 showing students perception towards personal finance.



INFERENCE

- From the above graph we can interpret the perception of college students towards personal finance.
- For the analysis we have taken 100 respondents.
- Among 100% of the respondents, 69% of the respondents accepted that personal finance is highly important. This means that they have completely understood the concept and practice of personal finance. There is a possibility that these students are managing their finance very well.
- 30% of the respondents are of the view that personal finance in an individual's life is "important". These respondents may not have understood the ideas clearly or are reluctant towards learning the concept and practice.
- Among 100% of the respondents merely 1% respondent are of the view that personal finance is of least important. The respondent may have been relying on the conventional methods.

7. Do you invest somewhere?

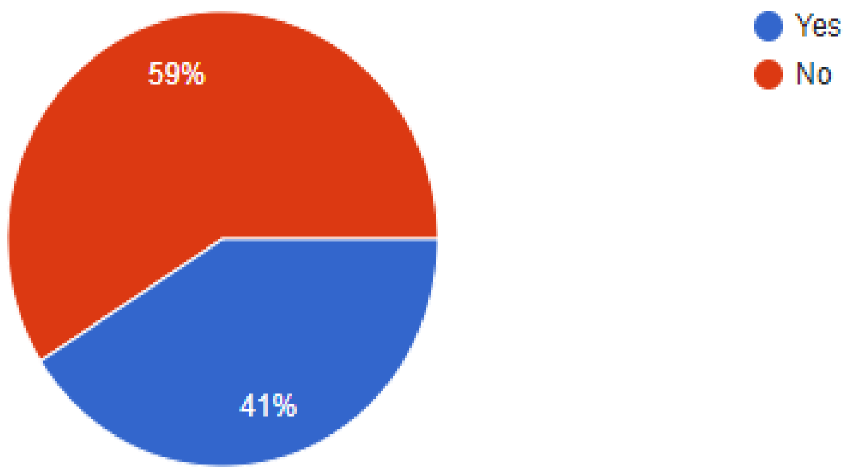
Table 4.7 showing number of college students who are investors.

OPTIONS	**Respondents**
YES	**41**
NO	**59**
TOTAL	**100**

ANALYSIS

- It is clear from the above table that how many college students of Bengaluru are involved in investing.
- To analyze this, we taken 100 respondents from various colleges of Bengaluru.
- Among 100 respondents, only 41 respondents stated that they are involved in the investing activities.
- Remaining 59 respondents are not at all involved in any kind of investing activities.

GRAPH 4.7 Showing number of college students involved in investing activities.



INFERENCE

- From the above graph we can interpret the number of college students who ate actively involved in the investing activities.
- To analyze this, we have taken response from 100 respondents belonging different colleges of Bengaluru.
- Among 100% of the respondents, only 41% of the respondents stated that they are involved in the investing activities. The respondents will enjoy a great amount of benefit in long term. The respondents have started investing at a very young age. The 41% respondents are beneficiaries of the following: -

❖ The respondents can gain financial independence early in their lives.
❖ Spending habits of the respondents will improve.
❖ Investment at an early age will enjoy the benefit of compounding.

- The students with the time will be able to understand the importance of investing, the better your personal financial situation will be down the line.
- college students in their 20s have the advantage of the time when it comes to student investments. They can typically earn back any potential losses over time. Learning the ins and outs of the market can be a difficult task, but the risk-taking attitude of a college student can help break that barrier.

- Remaining 59% respondents which forms the majority do not do any type of investing. The respondents either not aware of the benefits of investing at an early age or are afraid of investing. These respondents are on back foot when to comes to wealth creation. They will not be able to enjoy the above mentioned benefits. The respondents will gain financial independence later in their life compared to those who have started investing early. If they start investing, it will not only take time to understand the financial market but also adjustment of risk appetite needs time.

8. Do you keep emergency fund?

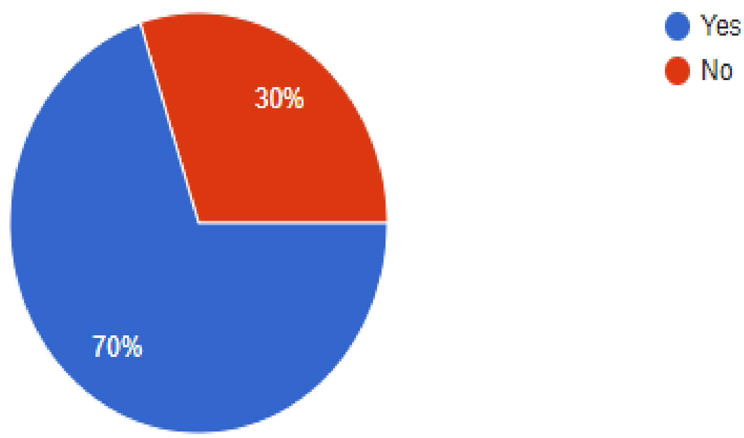
Table 4.8 showing number of college students who keep emergency fund.

OPTIONS	Respondents
YES	70
NO	30
TOTAL	100

ANALYSIS

- From the above table we can understand that how many Bengaluru college students keep emergency fund with them.
- For the analysis of this we have taken data from 100 respondents.
- Among 100 respondents, 70 respondents keep emergency fund with them to meet the financial emergency.
- On the contrary 30 respondents accepted that they do not keep emergency fund.

Graph 4.8 showing number of students who keep emergency fund.



INFERENCE

- From the above graph it is clear that how many college students keep emergency fund.
- To analyze this, we have recorded the response of 100 college students belonging to different colleges of Bengaluru.
- Among the 100% respondents 70% of the respondents keep emergency fund with them. The respondents will be able to meet financial emergency. Generally, college students have tighter budget, keeping emergency fund will strengthen their personal finance.
- Remaining 30% respondent accepted that they do not keeps any emergency fund. The respondents will have to face stress and anxiety in case of short term financial requirement.

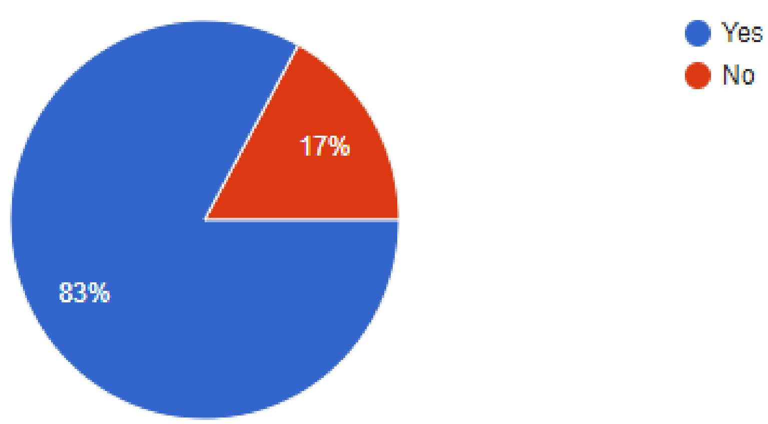
9. Are you interested in investment?

Table 4.9 showing number of college students who are interested in investment.	
OPTIONS	Respondents
YES	83
NO	17
TOTAL	100

ANALYSIS

- From the above table we can understand the number of college students who are interested in investment.
- To analyze this, we have taken data from 100 respondents belonging to different colleges of Bengaluru.
- Among 100 respondents, 83 respondent stated that they are interested in investment.
- Remaining 17 respondents stated that they are not interested in investment.

Graph 4.9 showing number of college students who are interested in investment.



INFERENCE

- The above graph clearly states the number of college students who are interested in investment.
- To analyze this, we taken data from 100 respondents.
- Among 100% respondents, 83% of the respondents are interested in investment activities. In the previous question only 41% of the college students are involved in the investment activities. The rest of the respondents are interested but are not doing the investment activities.
  This can be mainly due to lack of exposure, being unaware of the fundamentals, lack of guidance etc.
- Rest 17% of the respondents are not interested in investment. This mainly be due to the disbelief that they will good returns. Moreover, they may think that investing small amount cannot make much difference. The respondents need to get the facts cleared.

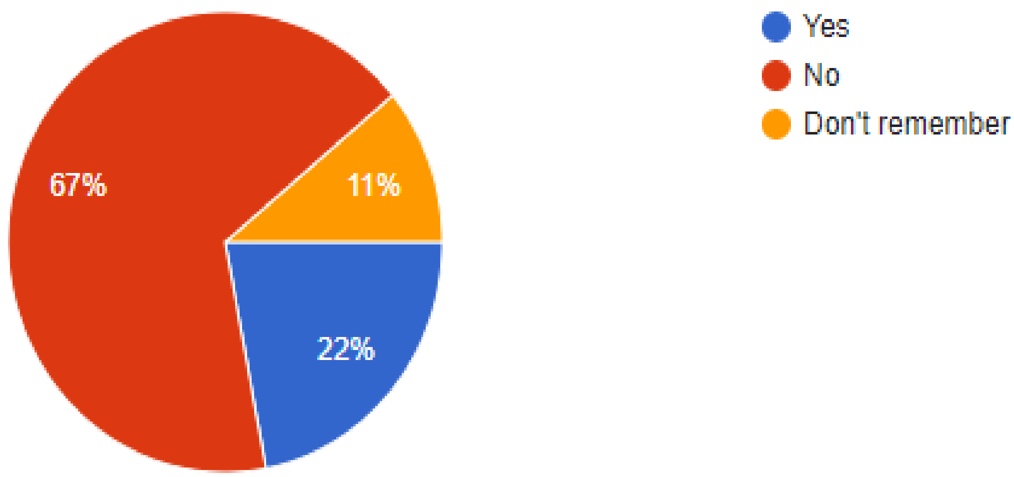
10. Were you taught personal finance in school or college?

Table 4.10 showing students who were taught personal finance in school or college.	
Options	Respondents
Yes	22
No	67
Don't remember	11
Total	100

ANALYSIS

- From the above table we can understand how many students have been the part of financial literacy lessons.
- For the analysis we have recorded the response of 100 college students of Bengaluru.
- Among the 100 respondents, only 22 students agreed that personal finance has been taught to them.
- 67 respondents which forms the majority accepted that personal finance has never been taught to them in school and college.
- Among 100 respondents 11 respondents found to be stated that they don't remember whether they were taught concepts of personal finance.

Graph 4.10 showing students who were taught personal finance in school or college.



INFERENCE

- The above graph clearly states that the number of students who were taught personal finance lessons in schools or colleges.
- To analyze this, we have recorded data from 100 respondents.
- Among 100% of the respondents, only 22% of the respondents stated that they were taught personal finance in schools/colleges. The respondents may have developed the understanding of financial market at an early age. The respondents will use this knowledge in the market to make benefits out of it. Personal finance lessons will equip to reach financial goals, increase in ethical decision making in investment etc.

- Among 100% of the respondents, 67% of the respondents have never been the part of any personal finance lesson in school or college. The respondents will lack in the following areas:

  - Respondents will lack in budgeting habits which teaches awareness and responsibility.
  - Understanding money management early in life leads to financial health and positive attitudes around money. People's attitudes around money can be instrumental in shaping their character, plus promotes the desire to give back.
  - Respondents will lack in the opportunity of finding alternate source of finance.
  - The respondents will later on take some time to understand the concept of finance and money management.

  - Remaining 11% of the respondents accepted that they don't remember whether they were taught personal finance somewhere or not. This shows the reluctance of respondents towards personal finance and financial literacy.

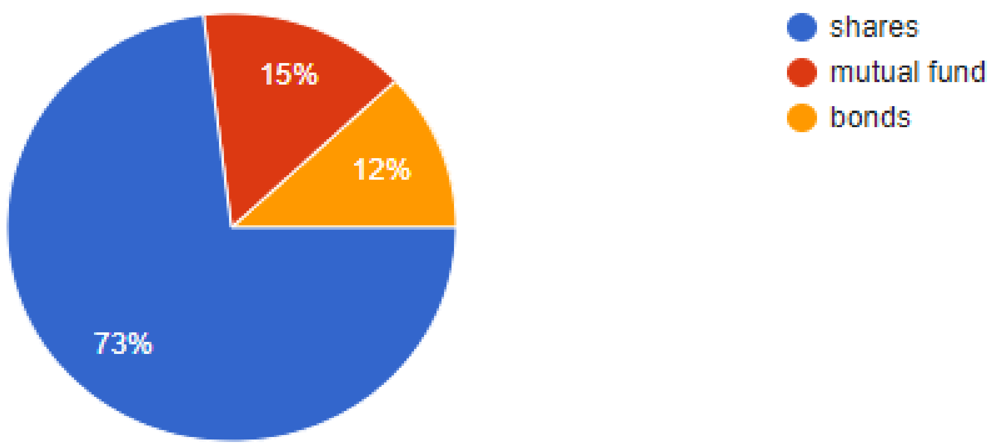
11. Investment in which security will be the first choice.

Table 4.11 showing students in which Security they will do the investment.	
Options	**Respondents**
Shares	61
Mutual funds	12
Bonds	10
Total	100

ANALYSIS

- From the above table we can understand the preference of college students towards the financial instruments.
- To analyze this, we have taken data from 100 respondents belonging to different colleges of Bengaluru.
- From the previous questionnaire we know that out of 100 respondents only 83 respondents are interested in investment.
- Among 83 respondents, 61 respondents preferred to invest in shares.
- 12 respondents stated that they will invest in mutual funds.
- Remaining 10 respondents preferred to invest in bonds.

Graph 4.11 showing preference of college students in financial securities



INFERENCE

- From the above graph we can understand the preference of college students towards the financial instruments.
- For the analysis we have taken data from 100 respondents.
- Out of 100 respondents only 83 respondents are interested in investment.
- Among 83 respondents 73% of the respondents have stated that their first preference is shares. This means the respondents need more return and they are ready to bear the risk.
- 15 % of those interested in investment stated their first preference as mutual fund. The respondents are risk averse.
- 12% of the respondents first choice is bonds. The respondents are not ready to take any kind of risk and they are satisfied with less return.

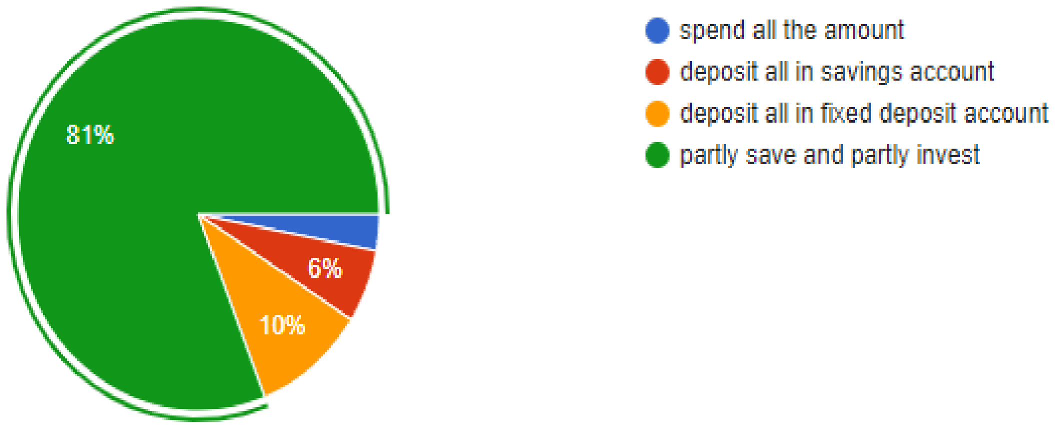
12. You have Rs. 100000 with you what you will do with that?

Table 4.12 showing college students approach towards money	
Options	Respondents
Spend all the amount	3
Deposit all in savings account	6
Deposit all in fixed deposit account	10
Partly save and partly invest	81
Total	100

ANALYSIS

- From the above table we can understand the approach of college students towards the money they receive.
- To analyze this, we have collected the data from 100 college students.
- Among the 100 respondents 3 respondents will spend the whole amount.
- Another 6 respondents stated that they will deposit all the amount in savings account.
- 10 respondents will do the fixed deposit of the amount.
- Remaining 81 respondents will partly save and partly invest the amount.

Graph 4.12 showing approach of college students towards money.



INFERENCE

- From the above graph we can understand the approach of college students towards the money they receive.
- For the analysis the data has been recorded from 100 college students of Bengaluru.
- Among 100% of the respondents, 3% of the respondents will spend the whole amount.
- 6% of the respondents stated that they will deposit the amount in savings account.
- 10% of the respondents said that they will do the fixed deposit.
- These 16% of the respondents have conservative attitude towards the money.
- Among 100% of the respondents, 81% of the respondents will partly save and partly invest the amount. The attitude of these respondents is non conservative.

13. If you lack in the ideas of personal finance can you give reasons for that?

ANALYSIS AND INFERENCE

- Through this question, we have tried to find out the reasons behind the lack of knowledge regarding personal finance.
- To find the reason we have collected data from 100 respondents belonging to different colleges of Bengaluru.

Major reasons given by respondents for the lack of personal finance knowledge are as follows: -

- **Focus is mainly on academics: -** One of the major reasons given by respondents for the lack of financial knowledge is the sole focus on academics. The respondents are mainly focusing on the academics and are not involved in activities related to finance and investing. This implies that students have never been introduced to concepts of personal finance. Here, the role of schools, colleges and education system is very crucial.

- **Lack of resources and time: -** Many of the college students give reason for the lack of financial knowledge as the lack of resources and time. Due to the rigorous syllabus, classes and assignment students are hardly getting time to focus on things apart from the academics. A person being highly qualified can lack in personal finance knowledge. Few students also might not afford to do courses on personal finance.
- **lack of opportunities of learning-** Many of the respondents are of the view that there are not enough opportunities available to learn the concepts of financial literacy and personal finance. This shows that there is lack of awareness regarding personal finance in the society. Though there are some courses on it but it needs to be more prevalent.

- **Lack of exposure** – A number of college students of Bangalore agreed that lack of exposure to personal finance is the reason that they lack in the ideas of personal finance. This means that the respondents have never told the importance of personal finance.

- **Lack in Indian education system-** Few respondents are of the view that it is due to the Indian educational system they lack in the concept of personal finance. The education system mainly focuses on the academics and there is a little scope for the skill development for the students. The education system is not getting fully transformed with time.

14. Suggest some ideas through which financial literacy of college students can be improved.

ANALYIS AND INFERENCE

- Through this, we have tried to seek some suggestion from the college students for improving the financial literacy of the college students of Bangalore.
- To seek the suggestion, we have collected information from 100 respondents belonging to different colleges of Bangalore.

Some suggestion by the college students for improving the financial literacy are as follows: -

- **Workshops and seminars in colleges: -** Students are of the view that seminars and workshops related to personal finance can be very beneficial for the students. Students will be able to gain the practical knowledge and develop a fair idea of the personal finance.

- **Introduction of financial literacy courses in college: -** students also suggested that the introduction of financial literacy courses in colleges will be very useful. Along with the academics students will be able to learn the concepts of financial literacy and thus will help in the skill development.

- **Social media awareness drives: -** since college students are very active on social media like Facebook and Instagram, awareness drives by imparting concepts of personal finance can be very beneficial. Short videos on Instagram and Facebook can be very handy and impactful.

- **<u>Introduction as non-core subject</u>: -** many of the college students are of the view that a subject on financial literacy/personal finance should be introduced in the examination. This will not pose a burden to the students and they will get to know about the concepts of personal finance.

- **<u>Weekly classes</u>:** - few students suggested that weekly classes should be introduced on the financial literacy. This will also not affect the core subjects and students will gain knowledge how to manage their finance.

- **<u>More involvement in the financial matters</u>:** - students suggested that that the elders in the family should involve the young ones in financial matters of the family. This will give them clear picture and first-hand experience of financial planning and management.

- **<u>Virtual Financial system for beginners</u>:** - students also suggested that a parallel system should be made for the beginners where they can have a practical experience of share market and mutual fund. The system should use virtual money thus eliminating the fear of loss for college students. This will to gain a lot of knowledge and once they feel confident they can enter into the real market.

CHAPTER – 5

FINDINGS, SUGGESTIONS AND CONCLUSION

5.1FINDINGS.

1. Majority of the college students fully depend on their parents for finance.
2. Few students do part time work to support the finance and a few have got scholarship.
3. Some college students don't have bank account of their own but majority have their own bank account.
4. Majority of the college students of Bangalore do not manage their finance.
5. Only half of the students feel that they knowledge regarding personal finance.
6. During the study it was observed that in these times also many students do not save money regularly and the importance of financial literacy has not been understood by many.
7. Most of the college students are not involved in the investing activities.
8. The concepts of financial literacy/personal finance have not been introduced to the students.
9. Emergency fund is kept by majority of the students.
10. The interest in investment is shown by majority of the students but only few students do investment.
11. The study also found that students have never been taught about personal finance.
12. Only a few students have been the part of the courses on financial literacy.
13. Most of the college students preference is to invest in shares first and hence believe in more risk and more return.
14. The study has also find the perception of students towards investment. The majority believe in saving and investing.
15. Few of the college students are interested in mutual fund and bonds which means that they are risk averse.
16. Majority of the college students feel that education system and more academics oriented study are the reasons for lack in knowledge of personal finance.

5.2 SUGGESTION

1. Students can be suggested to understand the concepts and importance of personal finance.
2. They should learn the application of personal finance which will enhance their earnings.
3. College students must have their own bank account. They should not rely on their parents to avail the banking services.
4. The college students must step forward and take active part in the management of their finance.
5. Savings is the foundation of financial planning, so it is suggested that students should regularly save money.
6. Investment at an early age enjoys the power of compounding. So students are suggested to start investing early.
7. Parents are suggested to actively include their child in all the financial decision of family. The students will get good exposure of personal finance.
8. Colleges are suggested to provide financial literacy classes to the students.
9. It is suggested that focus should not be only on core academics.
10. Government should provide enough opportunities to improve personal finance.
11. College students should make use of the opportunities provided by SEBI, IRDAI, and RBI.

5.3 CONCLUSION

The purpose of doing this study is to know the Financial Literacy among college students. At the end from this above study it is clear that the college students have moderate literacy in finance. Though they ae good in certain areas but when compared to present times, we can say it is moderate. Nowadays, personal finance is very important and everyone should possess the knowledge of personal finance.

The concepts of personal finance are not clear to everyone. Investment in an early stage is very beneficial but it is done by only a few. Though they are interested in investment but they don't know how to do. Thus the college students surely lack in exposure.

These days the focus should not be only academics, parents and colleges should focus on the holistic development. A student should learn personal finance, so that their money management skill develops. Money management is very important in present time.

Many of the college students feel that they seriously lack in the personal finance knowledge. Reasons for that are lack of exposure, limited resources to learn, focused on academics only etc. The college students feel that the financial literacy can be improved with the help of colleges. Colleges should include courses on financial literacy. They can also include it as a non-core paper in exams. I suggest that students should be given importance for holistic development and this has to done at College level by the Institution. I personally feel that marks will not teach an individual how to manage money but the experience and knowledge regarding the application and the benefits should also be explained with providing a connection to the present scenario.

According to my research I can conclude that the students are good in certain areas but they need to improve .

ANNEXURE

1. How do you get your finances?

- Student loan
- From parents
- Scholarship
- Part time work

2. Do you have bank account of your own?

- Yes
- No

3. Do you manage or plan your finance?

- Yes
- No

4. Personal finance means managing and investing your own money for personal benefits. Do you have any knowledge about that?

- Yes
- No

5. Do you regularly save money?

- Yes
- no

6. How important is personal finance?

- Highly important
- Important
- Least important

7. Do you invest somewhere?

- Yes
- no

8. Do you keep emergency fund?

- Yes
- no

9. Are you interested in investment?

- Yes
- no

10. were you taught personal finance somewhere?

- Yes
- no

11. investment in which security will be your first choice?

- Shares
- Mutual funds
- bonds

12. You have Rs. 100000 with you what you will do with that?

- Spend all the amount
- Deposit all in savings account
- Deposit all in fixed deposit account
- Partly save and partly invest

13. If you lack in the ideas of personal finance, can you give reasons for that?

14. Suggest some idea through which financial literacy of college students can be improved.

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