

**A STUDY ON LEVEL OF FINANCIAL LITERACY AMONG FAMILIES IN
RAJAHMUNDRY AND KAKINADA, EAST GODAVARI DISTRICT, AP.**

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Abstract: The main topic of my research is the financial awareness of Rajahmundry families. This paper aims primarily to improve and enhance the understanding of the financing of the economy so that the economy as a whole can achieve the benefits of growth opportunities in addition to knowing the financial literacy of the families of the Rajahmundry family in order to know the financial awareness. Based on the reactions we find that family financial literacy is based on financial knowledge and behaviour. The consequence is that the current scenario does not yet fulfill the strategies and preparation methods associated with the funding of families. This paper covered several important aspects that are also linked to the financial concept, financial products and services, etc. The paper also acquires the information that the families need to learn so that effective preparation can be made for a long time.

Keywords: Financial Literacy, Financial sector,..

The importance of literacy in the financial sector in the modern world has reached a good and strong position worldwide, as well as a healthy economy and the necessary steps towards developing the correct national strategy to allow the economy of the Indian market to occupy a splendid place. In terms of financial literacy and education, the changing world of job habits has more relevance. The presence of families in Rajahmundry is therefore the most important asset in this regard. This can be a very important aspect that can contribute to a great extent in making optimum use of the resources and the tools so as to reach to the best potential in financial terms.

Concept of Financial Literacy.

The definition of financial literacy is very broad and involves such factors as information, attitudes, and financial behaviour. The basic sense of financial literacy is related to the ability and the risk and returns associated with it to know and understand financial products. According to the OECD, Financial literacy is a combination of financial knowledge, information, skills, attitude and conduct required for sound finance decisions and overall financial well-being of individuals. Financial literacy is achieved by the financial education process.

III Research Objective

- To examine the level of financial knowledge in Rajahmundry in basic banking knowledge & fundamentals of financial concept.
- To analyze the awareness of families in financial products and services.
- To study the need of families in making a wise judgment in relation to their saving and Investment activities.
- To study the acquaintance of capital markets and government schemes with various budgeting habits.

IV Scope of the Research

In the research work, the topic of fiscal training among Rajahmundri families is thoroughly and impactful understood. The study therefore offers a wide range of topics covering all essential aspects such as women's financial knowledge, financial behaviour, and financial attitude.

V Methodology Of The Study

I took Sample for my research in Rajahmundry City, the scope of the study depends on some limitation like Budget, Time, and Information. Around 100 respondents have been measured to make the study effective.

Review of Literature

Indian families discuss money matters including budgeting, saving and responsible spending habits with their family members, Financial literacy means possessing the ability to understand how money is earned, saved and invested. It entails having ease while dealing with numbers. A financially literate person knows the importance of diversifying risk, compound interest, and inflation. A lack of understanding of these makes one financially illiterate. A financially literate person becomes easily vulnerable to frauds and scams. Even on gender counts, Indians surpass the global averages. The following problems can be attributed to financial illiteracy:

Falling prey to Ponzi schemes: These are collective investment schemes which promise to give sky-high returns in a short span of time. It pays returns to existing investors out of money collected from new investors instead of paying out of profits. The Saradha Chit Fund Scam, Sahara Scam, etc. are classic examples. In India, these schemes have managed to collect more than Rs. 66,895K of investments by duping millions of investors. Financial illiteracy and greed make individuals put whole life savings in these schemes.

Choosing wrong products: Due to financial illiteracy, families ignore the risk-return-liquidity aspect while investing. Most of the times they succumb to coercion from friends or family or to fulfil immediate tax-saving needs. As a result, they digress from personal financial planning goals. Ultimately, the money gets blocked in unproductive investments.

Lack of clarity between Saving, Investment & Insurance: Financially illiterate people can't differentiate between saving, investment & insurance. They get fooled by the marketing gimmicks of agents. They buy insurance with an investment and fail in both aspects. Neither they get reasonable ROI nor do they get sufficient risk cover.

Low participation in structured financial products like Mutual Funds: India has one of the highest Gross Domestic Savings rates at 28% of GDP but one of the lowest mutual fund (MF) penetration levels at only 6% of GDP. Mutual funds give investors manifold advantages. Financial illiteracy prevents people from getting into mutual funds. Hence, they are unable to get returns corresponding to their risk profile.

VII Analysis And Findings

During the research work following set of questions was asked from the family heads in the Jai Rajahmundry city. These questions were asked from around 120 respondents out of which 100 replied accurately and accordingly only responses of 100 respondents were taken for analysis and interpretation.

Questionnaire

1. NAME:
2. AGE:
 Below 25 years
 Between 25-50
 Above 50 years
3. INCOME LEVEL: Below 1Lack Rupees
 Between 1-3 Lack Rupees
 Between 3-5 Lack Rupees
 Above 5 Lack Rupees
4. INCOME SOURCE Business Employment Agriculture others
5. How following factors affect financial literacy among families in Rajahmundry (where 1. represent highly importance, 2. Represent importance, 3. Represent neutral, 4. Relates to not important while 5 reviles highly not important.

	1	2	3	4	5
Basic Banking knowledge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mortgage Decision	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Saving and Investment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial awareness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Budgeting habit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6. Do you know how to create a monthly budget that includes all of your basic expenses, your bills, any debts, and your sinking funds for future purchases?

Yes

No

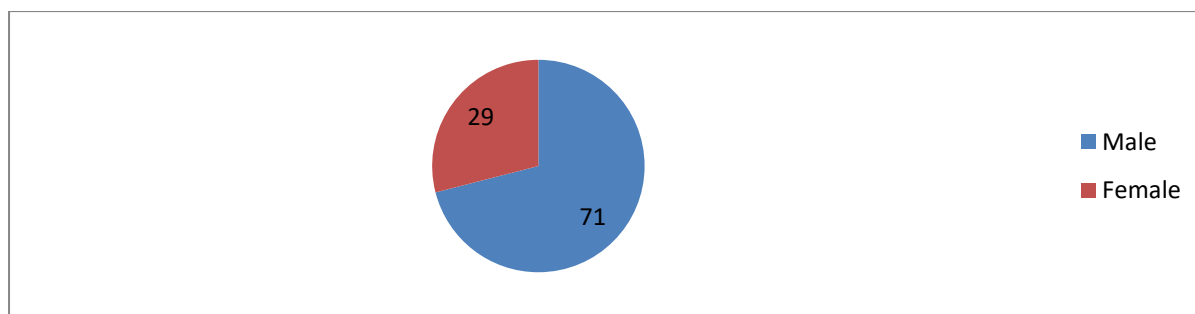
7. Do you know about how much money you spend to cover living expenses over a period of three to six months?

Yes

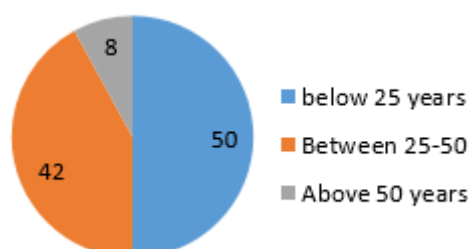
No

Summarization of data collected through the survey

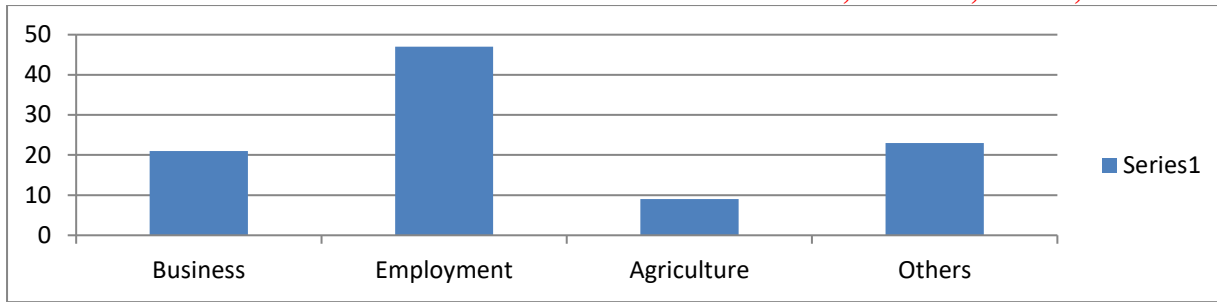
Particulars	No. of respondents	Per cent
Male	71	71%
Female	29	29%



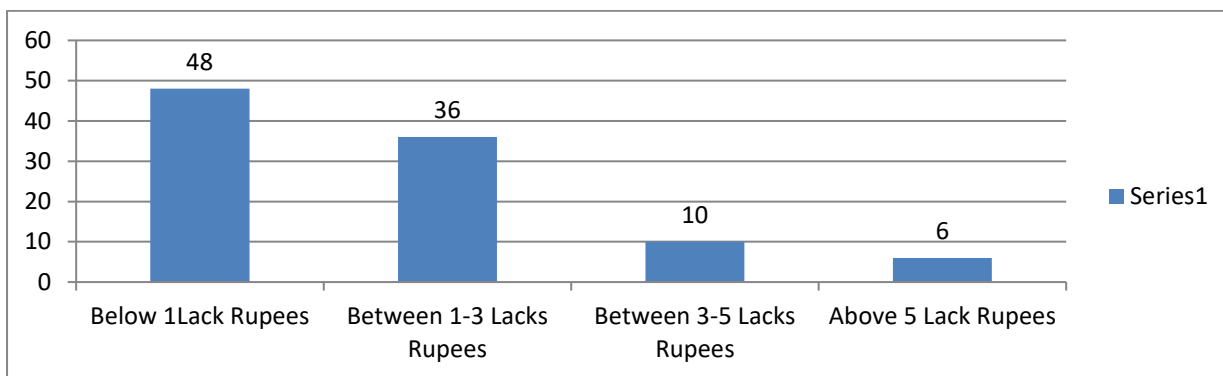
Particulars	No. of respondents	Per cent
below 25 years	50	50
Between 25-50	42	42
Above 50 years	08	08



Income Source	No. of respondents	Per cent
Business	21	21
Employment	47	47
Agriculture	09	09
Others	23	23



Income Level	No. of respondents	Per cent
Below 1Lack Rupees	48	48
Between 1-3 Lacks Rupees	36	36
Between 3-5 Lacks Rupees	10	10
Above 5 Lack Rupees	06	06



Factors	Highly importance	Importance	Neutral	Not important	Highly not important.	Total	
Basic Banking knowledge	43	39	13	05	00	100	
Mortgage Decision	12	37	31	15	05	100	
Saving and Investment	67	22	09	02	00	100	
Financial awareness	48	42	08	02	00	100	
Budgeting habit	46	36	15	02	01	100	

Conclusion:

Financial knowledge can be expressed as the utilisation of the skills as well as knowledge of the families in order to manage the resources of the economic terms so that they can yield the benefit for long prospects. Beside it includes knowledge and understanding on the aspects of the risk and return related to the financial products to all the parties associated within the economic products.

Results from the analysis have revealed that the families of Rajhamundry includeing those living in urban areas are not aware of different financial concept and many of them do not consider it important. The major reason behind this is that families are highly risk ignorant about the recent financial innovations in the market. The study indicates that families have average knowledge of about banking services .

India is giving lot of emphasis on the banking services this has really improved the standard of living of families in India. But still majority of families are highly negligent towards in investment in other

financial instruments. Thus it is essentially required that the companies should bring out various awareness programs so that it can escalate capital formation in the country. They should be educated with regards to usage of innovative financial services that are availed exclusively for them. This will not only benefit the families as whole but will increase domestic savings and investment in the country that will lead to global growth of the economy and expansion of the country.

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