An Analysis of Impact of Financial Literacy Programmes on Financial Literacy Level of investors in Delhi

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ABSTRACT

Financial literacy, in general, means the knowledge and understanding of financial concepts and ability to make informed decisions regarding money matters. Financial landscape over the years has become considerably complex making the common man vulnerable to increased financial risk. Hence, a need is felt to train the masses on the aspects of finance and investments decision-making. Various government and non-government organizations have spearheaded the task of financial literacy through their programmes. The present study aims to evaluate whether these financial literacy programmes help increase the financial literacy level of the people or not. The primary data for the purpose of the study has been collected with the help of a questionnaire. The data collected from 100 respondents from Delhi region has been analyzed with the help of SPSS. The statistical analysis through student’s t-test reveal a significant difference in the financial literacy level of the respondents after attending financial literacy programmes.

Keywords— Financial Education, Financial Literacy, Investment decision-making, t-test.

I. INTRODUCTION

Financial education and Financial Literacy have recently emerged as a topic of interest for various governments and policy makers across the globe due to their associated benefits for all sections of the society. The globalization that has led to the integration of world economies has also resulted into an escalation of financial complexities thereby necessitating the need for financial understanding and knowledge. The increasing diversity of financial products and services on one hand has led to increased benefits and, on the other hand, has intensified the risk that the individuals are exposed to.

II. METHODOLOGY

The present study has been conducted in Delhi region with an aim of analyzing the impact of financial...
literacy programmes on financial literacy level of the investors. The data for the purpose of the study has been collected from 100 respondents including 50 respondents who did not attend any financial literacy programme and 50 respondents who had attended a financial literacy programme. The detailed discussion on objectives, hypothesis and methodology has been presented in the following section.

**Objectives**

- To measure the financial literacy level of the respondents.
- To find out whether there is any difference in financial literacy level of those who attended and those who did not attend any financial literacy programme.

**Hypothesis**

There is no significant difference in financial literacy level of those who attend and those who did not attend any financial literacy programme.

**Limitations of the Study**

The research has been conducted in Delhi region only. It can be further extended to other parts of the country. In addition, a comparative study between financial literacy level of two states can also be done. The sample size is also restricted to 100 respondents which can be increased in further studies.

### III. PRIOR APPROACH

Bernheim, Garrett and Maki (2001) found that high school classes in personal finance are related to increased saving in middle age.

Lusardi, Annamaria and Mitchell, Olivia (2007) in their study highlighted that many households are unfamiliar with even the most basic economic concepts needed to make saving and investment decisions.

Carpena, F., Cole, S. A., Shapiro, J., & Zia, B. (2011) found that financial literacy improve basic awareness of financial choices and attitudes toward financial decisions.

Seidl Britta, Evers Jan (2011) investigated how financial literacy education affects the behavior, financial decisions, and use of financial products by rural households in India. The findings clearly indicated that there was a severe lack of understanding of formal financial products related information.

Ansong Abraham and Gyensare Michael Asiedu (2012) explored the determinants of university working-students’ financial literacy. The author reported that people who studied economics or business courses are more likely to be financially knowledgeable. In terms of participants work experience and ages, participants with more years of work experience are more knowledgeable than those with less experience.

Siekei Jacqueline, Wagaki Juma and Kalio Aquilars (2013) assessed the effects of the financial literacy education on performance of small and micro enterprises in Njoro District. It was found that the credit management skills obtained through the financial literacy programme enhanced performance through acquisition of credit financing, and management of loan portfolios to ensure that loan liability was minimized and interest expenses minimized. Budgeting skills showed significant roles in growing sales, profits and ensuring smooth running of the business.

### IV. OUR APPROACH

Demographics of the Respondents

<table>
<thead>
<tr>
<th>Research Design</th>
<th>Descriptive</th>
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<tbody>
<tr>
<td>Population/ Universe</td>
<td>Individuals Residing in Delhi</td>
</tr>
<tr>
<td>Sample Size</td>
<td>100</td>
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<tr>
<td>Sampling Technique</td>
<td>Convenience</td>
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<td>Project Approach</td>
<td>Survey Method</td>
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<td>Instrument Used</td>
<td>Structured Questionnaire</td>
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<td>Data Type</td>
<td>Primary and Secondary</td>
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<td>Statistical Tools Employed</td>
<td>Independent Sample t-test</td>
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<table>
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<tr>
<th>Particulars</th>
<th>Number of Respondents</th>
</tr>
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<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>57</td>
</tr>
<tr>
<td>Female</td>
<td>43</td>
</tr>
<tr>
<td><strong>Financial Literacy Programme</strong></td>
<td></td>
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<tr>
<td>Attended</td>
<td>50</td>
</tr>
<tr>
<td>Not Attended</td>
<td>50</td>
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</tbody>
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In order to evaluate whether there is any significant difference in financial literacy level of respondents who attended financial literacy programme and those who did not attend any such programme, independent sample t-test was applied with the help of SPSS.

There is no significant difference in financial literacy level of those who attend and those who did not attend any financial literacy programme.

The table shows the mean, standard deviation and standard error mean for the sample. It can be seen from the table that mean financial literacy score of the respondents who attended financial literacy score is more than those who did not attend any such programme. Further analysis through t-test reveals that the t-value is significant at the desired level of significance (p<.05). Therefore, it can be stated that the financial literacy level of respondents who attended financial literacy programme are more than those who did not attend any such programme.

V. CONCLUSION

Financial Literacy Programmes have a positive impact on financial literacy level of the respondents. The study concludes that financial literacy level of the
respondents can be improved if they attend a financial literacy programme.

REFERENCES


