

Rankwise Financial literacy of Government Employees, Public Sector Employees and Private Employees in Rajkot City of Gujrat

Dr. Vijay Kumar Garudik

Registrar, Maharishi University of Management of Technology,

Bilaspur, C.G. India

Corresponding Author: vgarudik@gmail.com

DOI: [10.52984/ijomrc2209](https://doi.org/10.52984/ijomrc2209)

Abstract:

Financial Literacy is how much well versed people are about basic concept of Finance. To achieve objective of financial inclusion, people must be financially literate first. To rank the financial literacy of the respondents of Rajkot, particular study is undertaken. The study is confined to salaried employees of Government, Public and Private sectors of Rajkot.

Keywords: Rank-wise, financial literacy, Government Employees, Public Sector Employees, Private Employees and Rajkot.

Introduction:

Financial Literacy Means Amalgamation of awareness, knowledge, skill, attitude and behavior needed to take good financial decisions and thereby achieve individual financial growth (OECD INFE, 2011). With Advent of deregulation, globalization of financial markets, Consumers have more choices for investment avenues with easy access to credit cards and personal loan, thus financial literacy is essential for them.

Literature Review:

According to Hung A. et. al. (2012), there is a positive impact of financial literacy on financial attitude, behavior and financial well-being. Financially literate people do better at budgeting, saving money and spending, handling mortgages, participating in other financial markets, do better at retirement planning and successfully accumulate wealth. Higher financial literacy leads to greater financial well-being and less financial concerns. (Taft M, 2013). Capuano, A., & Ramsay, I. (2011) had done project in Australia on

Financial Literacy. According to them Financially Literate consumers can have more savings, they can actively manage debt, they can be realistic regarding their future goals, they can be more financially confident, can be more active in financial markets, they can choose more carefully financial products that are suitable to their needs, they can plan their finances, budget and know how to be financially efficient. They have also stated that in a way financially literate people benefit financial system and economy too. They can help in achieving the target for Financial Inclusion in the economy. Financially literate people can better understand the financial policies framed by any government. Andreas Borden L. (2008) stated that there is a causal link from financial knowledge to healthy attitudes about money which in turn influences the behavior. Gallery N, Newton C. & Palm C (2010) had presented the model on variables which influences Financial Well Being. It is evident from model that Financial Well-Being is dependent on Personal Financial Behavior which in turn depends upon Financial

Literacy. Mohamad R. (2010) found that there are significant differences in financial literacy between Gender and Working Sector. Study was conducted in Malaysia. Researcher stated that there is a significant impact of Gender on frequency of managing Financial Planning, but working sector didn't have any impact on frequency for managing personal financial planning. Altintas, K. M. (2011) in his study tried to find variables that significantly affect the financial literacy of the respondents. Study was carried in Turkey on University Students. Independent variable was financial literacy score and dependent variables tested were Age, Rank in class, Gender, Academic Discipline, Family Income, Education level of Father, Education level of Mother and Participants' discussion with their parents about Financial Matters. Multiple Regression method was used to find out factors affecting Financial Literacy score. The most important variables that affect the financial literacy are Class Rank, Age, Education level of Father and Participants' discussion with their parents regarding financial Matters and Family Income. Ali, A., Rahman, M. S., & Bakar, A. (2013) had done research to find factors contributing to level of financial literacy and its relation with financial satisfaction. Study was done in Malaysia. Researcher had hypothesized model on financial literacy. Model postulated that financial literacy of the person can determine financial satisfaction of the person. To measure the financial literacy, five different aspects were assessed. They were: Basic money management, financial planning and investment know how, attitude to money and financial activities. Jariwala H. (2013) had done her study to assess the financial literacy of the investors of Gujarat State. Sample of 385 investors were collected across Gujarat state with the help of convenience sampling technique. Data were analyzed with the help of descriptive analysis, chi square, logistic

regression and factor analysis. Results showed that 56% of the respondents are financially literate and 44% are financially illiterate. Females possess lower financial literacy than males. Study also found that age and income also has significant impact on financial literacy. Altaf N. (2014) had done study to assess the financial literacy of the students studying in the Central University of Kashmir. Sample size was 100 students of different post graduate courses. Primary data was collected with the help of structured questionnaire designed with balanced five point Likert scale. Financial literacy was assessed in four parts, first part was measurement of perception towards definition and theories, second part was measuring the ability of respondents to manage personal finance, third part was related to measurement of constraints of financial literacy, and fourth part was on measurement of respondents view towards way to improve financial literacy. Mean analysis was used to analyze the data. From the results, it is evident that students don't have the satisfactory level of financial literacy.

Objective:

To Rank the financial literacy of Government Employees, Public Sector Employees and Private Employees in Rajkot City of Gujarat

Research Methodology:

SAMPLE SIZE- 450

150 Govt. Employees+ 150 Public Sector Employees + 150 Private Sector Employees

Sources of Data:

For the Study, Secondary Data were collected from various Books, journals, thesis, periodicals, magazines; newspapers and Websites. For the Study Primary Data has been collected through Structured

Questionnaire. Questionnaires were filled by respondents through one to one approach.

Sampling-

Random Sampling Method

Sample Area- Government Employees, Public Sector Employees and Private Employees in Rajkot City of Gujrat

Limitations of The Research Paper :

- i. The study is limited to 450 sample size
- ii. The study is restricted to Rajkot City of Gujarat
- iii. Random Sampling Method is adopted
- iv. Time limitation of 1 month for survey

Data Analysis :-

Financial Literacy Parameters:

- i. Literacy for Savings Bank Account
- ii. Literacy regarding concept of Inflation
- iii. Literacy regarding concept of Time Value of Money
- iv. Literacy regarding concept of Diversifications
- v. Literacy regarding basics of Financial Planning
- vi. Literacy regarding basics of Risk & Returns Relationships
- vii. Literacy regarding relationship of Bond Price & Interest Rates
- viii. Literacy regarding returns generated by financial assets in long run

	Number of Respondents			Rank		
	Govt.	Private Sector	Public Sector	Govt.	Private Sector	Public Sector
Literacy for Savings Bank Account	40	45	42	1	1	1
Literacy regarding concept of Inflation	35	20	28	2	3	2
Literacy regarding concept of Time Value of Money	32	27	25	3	2	3
Literacy regarding concept of Diversifications	3	7	4	8	8	8
Literacy regarding basics of Financial Planning	15	10	20	4	6	4
Literacy regarding basics of Risk & Returns Relationships	13	15	10	5	5	6
Literacy regarding relationship of Bond Price & Interest Rates	7	8	15	6	7	5
Literacy regarding returns generated by financial assets in long run	5	18	6	7	4	7

INTERPRETATION :**Rank wise the financial literacy of Government Sector Employees in Rajkot City of Gujrat is as follows-**

- i. Literacy for Savings Bank Account
- ii. Literacy regarding concept of Inflation
- iii. Literacy regarding concept of Time Value of Money
- iv. Literacy regarding basics of Financial Planning
- v. Literacy regarding basics of Risk & Returns Relationships
- vi. Literacy regarding relationship of Bond Price & Interest Rates
- vii. Literacy regarding returns generated by financial assets in long run

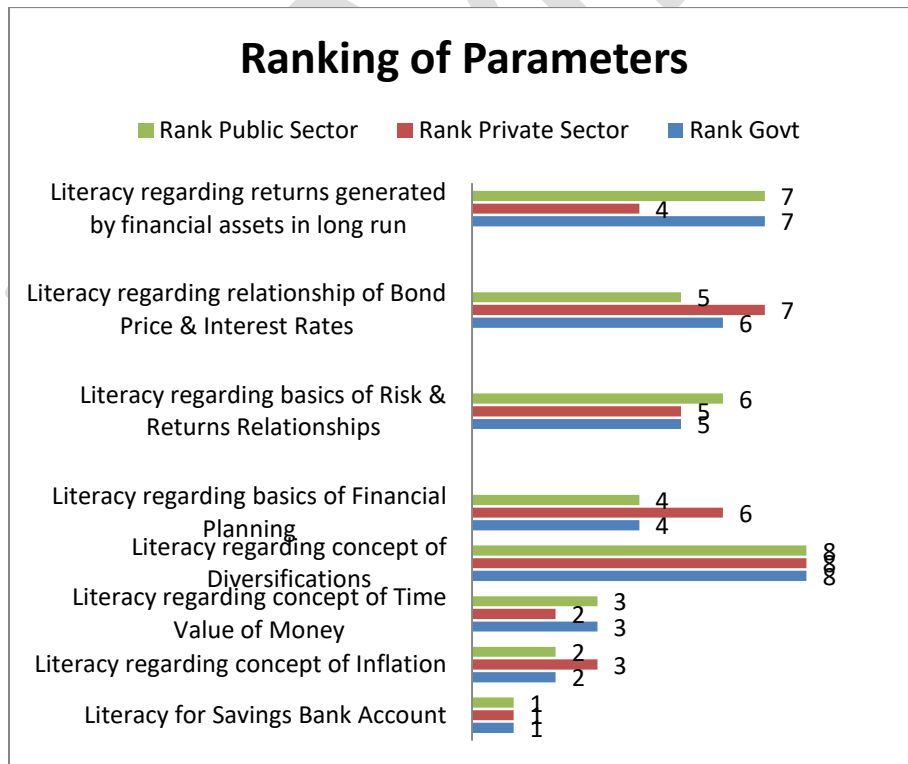
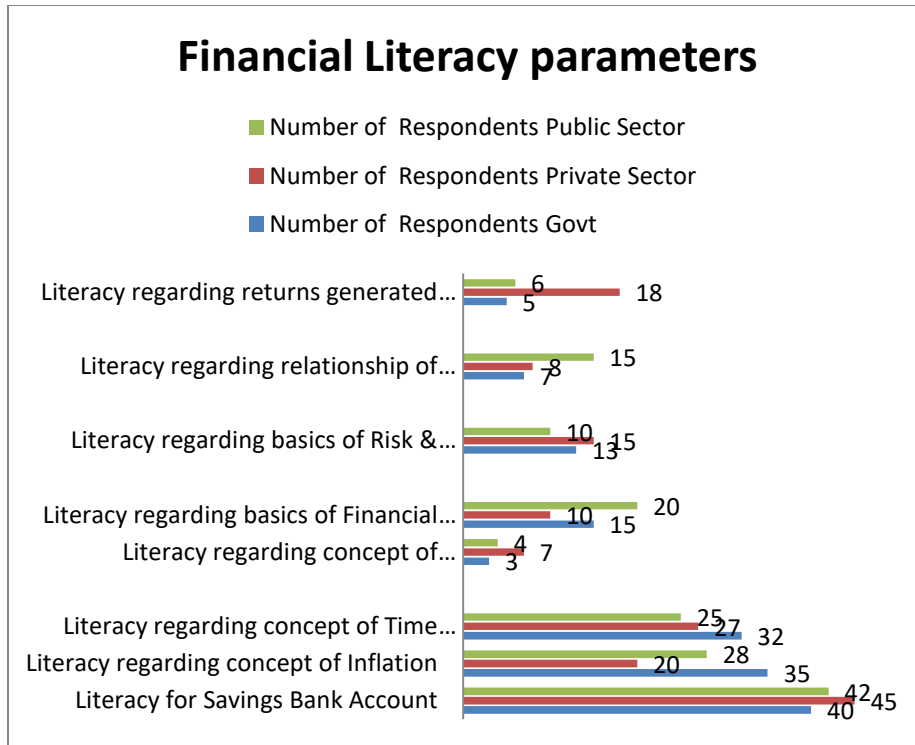
Rank wise the financial literacy of Private Sector Employees in Rajkot City of Gujrat are as follows-

- i. Literacy for Savings Bank Account
- ii. Literacy regarding concept of Time Value of Money
- iii. Literacy regarding concept of Inflation

- iv. Literacy regarding returns generated by financial assets in long run
- v. Literacy regarding basics of Risk & Returns Relationships
- vi. Literacy regarding basics of Financial Planning
- vii. Literacy regarding relationship of Bond Price & Interest Rates
- viii. Literacy regarding concept of Diversifications

Rankwise the financial literacy of Public Sector Employees in Rajkot City of Gujrat is as follows-

- i. Literacy for Savings Bank Account
- ii. Literacy regarding concept of Inflation
- iii. Literacy regarding concept of Time Value of Money
- iv. Literacy regarding basics of Financial Planning
- v. Literacy regarding relationship of Bond Price & Interest Rates
- vi. Literacy regarding basics of Risk & Returns Relationships
- vii. Literacy regarding returns generated by financial assets in long run
- viii. Literacy regarding concept of Diversifications



SUGGESTIONS:

1) Increase the public's awareness of the benefits of financial education to their financial wellbeing.

2) Raise the awareness of policy makers and stakeholders on how improving financial literacy level can support their policy areas and work.

3) Support collaboration amongst stakeholders for delivery of more and higher quality financial education

4) Policy makers, including councils, committees or boards of the government or related bodies, statutory bodies, industry bodies, NGOs, education institutes and commercial organizations, etc, Must be encouraged to look into the role of financial literacy when developing their policies; and direct resources to integrate financial education in their policy areas when needed.

5) There is a need for banks and other agencies striving to extend financial literacy to the masses to appreciate that financial inclusion is a continuous process.

6) Given the unique conditions in our country, any attempt at expanding the outreach of financial literacy should take cognisance of the role of regional differences in language, workforce and penetration of finance. Thus, banks with strong presence across different regions could explore the possibility of introducing a local-language based web-site providing details of facilities for customers.

7) The delivery mechanisms for imparting financial literacy can be manifold. However, the content and delivery of financial literacy should correspond to the needs of specific sub-groups of consumers that is, the young or elderly, less or better educated, well- or ill-informed. Presentations, lectures, conferences, symposia, training courses and seminars can be actively utilized for this purpose.

Publications in diverse forms, including books, brochures, magazines, booklets/pamphlets, direct mail documents, can also be useful in this regard.

Leveraging information technology through concerted media campaigns using all possible avenues of mass communication can be expected to impart greater efficacy to the process. Other methods include advisory services from institutions, including the fast growing telecommunication services.

8) The role of financial institutions in providing financial literacy, not only to the clients but also to their own staff, needs to be better defined and further promoted. More information is needed at both international and national levels on good programmes and practices and on the ways to promote access to financial services by harnessing the role of non-government organizations (NGOs).

9) As regards the institutional mechanism, there is near consensus on the fact that any attempt at expanding the outreach of financial literacy needs to start at the grass-roots. Present day school pass-outs need to be a lot more financially literate than their parents were, if they are to manage their personal finances successfully through life. In addition, universities and business schools have an important role in training financial specialists able to provide the public with high quality advice on financial matters.

Conclusion:

Efforts to extend literacy to make the common man enabled by being aware of the evolving functional, legal and technical issues cannot be a one-time effort. Financial literacy also plays an important role in increasing wealth inequality, and recent evidence on the impact of financial education points to positive effects. The need for financial education varies in the population as there are heterogeneous benefits and costs associated with knowledge acquisition. Hence, policymakers should not aim for universally high levels of financial literacy

without weighing the costs and benefits for specific socio-economic groups. To create a conducive environment for different stakeholders to deliver more quality financial education which can help raise the financial literacy level of people.

References:

1. Ali, A., Rahman, M. S., & Bakar, A. (2013). Financial Literacy and Satisfaction in Malaysia: A Pilot Study. *International Journal of Trade, Economics and Finance*, 4(5), 319.
2. Altintas, K. M. (2011). The dynamics of financial literacy within the framework of personal finance: analyses among Turkish University Students. *African Journal of Business Management*, 5(26), 10483.
3. Boon, T. H., Yee, H. S., & Ting, H. W. (2011). Financial literacy and personal financial planning in Klang Valley, Malaysia. *International Journal of Economics and Management*, 5(1), 149-168.
4. Borden, L. M., Lee, S. A., Serido, J., & Collins, D. (2008). Changing college students' financial knowledge, attitudes, and behavior through seminar participation. *Journal of family and economic issues*, 29(1), 23-40.
5. Capuano, A., & Ramsay, I. (2011). What causes suboptimal financial behaviour? An exploration of financial literacy, social influences and behavioural economics.
6. Delpachitra, S., & Beal, D. (2002). Factors influencing planning for retirement. *Economic Papers: A journal of applied economics and policy*, 21(3), 1-13.
7. Gallery, N., Newton, C., & Palm, C. (2011). Framework for assessing financial literacy and superannuation investment choice decisions. *Australasian Accounting Business & Finance Journal*, 5(2), 3.
8. Hogarth, J. M. (2002). Financial literacy and family & consumer sciences. *Journal of Family and Consumer Sciences*, 94(1), 14.
9. Hung, A., Yoong, J., & Brown, E. (2012). Empowering women through financial awareness and education. *OECD Working Papers on Finance, Insurance and Private Pensions*, (14), 1.
10. Hung, A., Parker, A. M., & Yoong, J. (2009). Defining and measuring financial literacy.
11. Jariwala, H. (2013). To Study the Level of Financial Literacy and its Impact on Investment Decision – An in-Depth Analysis of Investors in Gujarat State. Unpublished Ph.D Thesis. Ganpat: V. M. Patel Institute of Management Ganpat University, Ganpat Vidyanagar
12. Kamugundu, A. R. (2016). Factors influencing the adoption of high risk financial products. *IJEMR*, 6 (11).
13. Kebede, M., & Kuar, J. Financial Literacy and Management of Personal Finance: A Review of Recent Literatures.
14. Lusardi, Annamaria and Mitchell, Olivia S. (2007), "Financial Literacy and Retirement Preparedness: Evidence and Implications for Financial Education Programs". Michigan Retirement Research Center Research Paper No. WP2006-144. Lusardi, A., & Mitchell, Olivia S. (2008). Planning and financial literacy: How do women fare? (No. w13750). National Bureau of Economic Research.
15. Mohamad R. (2010), "Gender and Working sector comparison in Personal Financial Planning", thesis submitted to University of Utara Malaysia.
16. Nag R. (2007), Financial Education for Inclusive Development' Key note Address at the CITI-FT Financial Education Summit, New Delhi, India, Managing Director ADB.

17. Nga, J. K., Yong, L. H., & Sellappan, R. D. (2010). A study of financial awareness among youths. *Young Consumers*, 11(4), 277-290.
18. Oehler, A., & Werner, C. (2008). Saving for retirement—a case for financial education in Germany and UK? An economic perspective. *Journal of Consumer Policy*, 31(3), 253-283.
19. Taft, M. K., Hosein, Z. Z., Mehrizi, S. M. T., & Roshan, A. (2013). The relation between financial literacy, financial wellbeing and financial concerns. *International Journal of Business and Management*, 8(11), 63.
20. Zakaria, R. H., Jaafar, N. I. M., & Marican, S. (2012). Financial behavior and financial position: A structural equation modelling approach. *Middle-East Journal of Scientific Research*, 12(10), 1396-1402.
21. Madrian, B. C., and D. F. Shea. —The power of suggestion: Inertia in 401(k) participation and savings behavior. *The Quarterly Journal of Economics* 116:4 (2001): 1149–1187.
22. Lusardi, A., and O. S. Mitchell. —Financial literacy around the world: An overview. *Journal of Pension Economics and Finance* 10:4 (2011): 497–508.
23. Clark, R., A. Lusardi, and O. S. Mitchell. —Employee financial literacy and retirement plan behavior: A case study. *Economic Inquiry* 55:1 (2017): 248–259.
24. Brown, M., J. Grigsby, W. van der Klaauw, J. Wen, and B. Zafar. —Financial education and the debt behavior of the young. *The Review of Financial Studies* 29:9 (2016): 2490–2522.