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## **FINANCIAL KNOWLEDGE AMONG THE YOUTH WITH SPECIAL REFERENCE TO CHENGALPATTU DISTRICT**

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### **Abstract**

*Financial literacy covers the ability to comprehend and utilise financial principles, including budgeting, investing, credit management, and financial management, among others. Financial literacy, also known as financial capability, refers to the ability to effectively manage and navigate financial resources. These skills will enable individuals to accomplish a range of life goals, such as securing a comfortable retirement, obtaining schooling, and even embarking on a journey. Financial literacy requires skills in budgeting, managing expenses, debt repayment, and comprehending the risk-reward ratio associated with investment products. Financial Literacy encompasses the comprehension of fundamental financial principles, including the time worth of money, compound interest, yearly return, and opportunity cost. Individuals with a limited understanding of financial matters encounter challenges when making significant financial choices. Moreover, financial literacy enhances both financial self-control and capability. This will lead to substantial alterations in one's way of life, including consistent saving and investing, effective debt management, and the attainment of personal goals. Moreover, possessing financial literacy will safeguard individuals from financial fraud and uphold their financial welfare. Financial illiteracy arises from a deficiency in understanding these skills. In this study, the researcher investigates the level of financial literacy among young individuals, specifically focusing on the Chengalpattu district.*

**Keywords:** *Financial Literacy, Budgeting, Investing, Credit Management, And Financial Management.*

### **Introduction**

Financial literacy should not be limited to the mere capacity to comprehend finance and accounting. Financial literacy does not inherently influence individuals' financial behaviours. The level of financial literacy, as well as its application, differs depending on the specific time and location. Financial literacy is a concept that requires practical application and examination. Having a good understanding of financial concepts and principles is crucial in order to make well-informed choices regarding one's

finances. Students who possess financial literacy skills can exert influence on firms and governments to adopt ethical market practices and enhance the quality of their products and services. Individuals who possess financial literacy are able to make informed decisions regarding financial matters and can contribute to the promotion of fair market practices. The importance of financial literacy has been more pronounced due to the deregulation of financial markets, the increased accessibility to credit, and the rapid expansion of marketing

financial products. The objective of this study is to assess the financial literacy level of college students in Chengalpattu District.

### STATEMENT OF THE PROBLEM

Individuals with financial literacy possess the skills to effectively handle financial matters, including money management, saving and investing, understanding the operations of financial institutions, and making well-informed judgements through analytical thinking. Moreover, they would possess knowledge on managing their money matters and exhibiting financial responsibility for themselves and their family. Individuals who possess financial literacy has the ability to create a comprehensive financial budget, comprehend the significance of saving and safeguarding their savings, make prudent spending decisions, and make substantial purchases only for products that hold value. Having a strong understanding of finance enables individuals to discern the benefits and drawbacks of debt, while also focusing on their portfolio, income, expenses, savings, and investments. In this study, the researcher investigates the significance of financial knowledge among the youthful people, specifically focusing on the Chengalpattu District.

### REVIEW OF LITERATURE

A literature review is an overview of the previously published works on a topic. The term can refer to a full scholarly paper or a section of a scholarly work such as a book, or an article. Either way, a literature review is supposed to provide the researcher/author and the audiences with a general image of the existing knowledge on the topic under question. A good literature review can ensure that a proper research question has been asked and a proper theoretical framework and/or research methodology have been chosen. To be precise, a literature review serves to situate the current study within the body of the relevant literature and to provide context for the reader. In such case, the review usually precedes the methodology and results sections of the work.

**Shaili Gala (2022)** suggested that Financial literacy is not prevalent among the youth of India, including. There is a lack of comprehension regarding several fundamental banking procedures. Having a limited awareness of the basic procedures involved in personal financial decisions can have major consequences in the future. This is mostly due to the inadequate performance of the school system in incorporating finance as a core subject.

In their study, **Syed Bilal Irfan et al. (2023)** proposed that financial literacy encompasses the understanding and proficiency needed to efficiently handle one's financial assets. In today's rapidly changing world, financial literacy holds greater significance than ever before, particularly for the younger demographic. The younger generation in India is a pivotal demographic cohort that is progressively gaining significance in driving the nation's economic expansion.

**Kalaimagal and Geetha (2019)** argue that the degree of financial literacy among young people is insufficient, and hence they need to enhance their knowledge of personal finance in order to thrive in the future. Offering financial education to young individuals will undoubtedly enhance their skills and knowledge, enabling them to make more informed decisions regarding their finances and protect themselves from detrimental practices.

**Neha Garg and Shveta Singh (2018)** examine the impact of socio-economic and demographic characteristics, such as age, gender, marital status, and income, on the financial literacy level of young people. They also investigate the potential correlation between financial knowledge, financial attitude, and financial behaviour.

**Aarush Srivastava (2023)** identified the absence of financial literacy among Indian adolescents as a noteworthy issue that requires immediate attention. Although several attempts have been implemented to enhance financial literacy in India, there are still deficiencies in the school system, resulting in only 3% of Indian youths being deemed financially literate. The ramifications of this deficiency in financial education can be grave, encompassing indebtedness, diminished credit ratings, and potentially even insolvency.

### OBJECTIVES OF THE STUDY

- 1.To examine students knowledge in general financial matters, savings, borrowing and investment
- 2.To measure the financial literacy level of students.
- 3.To examine the relationship between financial literacy level and personal financial decisions and financial practices.

### RESEARCH METHODOLOGY

Research methodology is one of the most important aspects of research since it determines the structure and design of the study. The nature of the research, the source of data, and the tools used for data collecting, sampling, and data analysis are all examples of research technique components.

**The Nature of Research**

The current research study is descriptive in nature, making use of both primary and secondary data.

**Sampling Techniques**

For the objective of this study, a stratified random sampling technique was used to pick respondents from Financial Literacy among the young in Chengalpattu District.

In the initial step, seven locations were identified in the Chengalpattu District. In the second step, 140 responders (30%) were chosen as the sample size for the study. In the third stage, 20 responders from each location were selected. Proportionate stratified random sampling procedures were used to pick the sample respondents.

**Sources of Data**

The study requires both secondary and primary data. Primary data were acquired using organised interview schedules delivered to youth students who reported on their financial literacy. Secondary data were acquired from journal papers, theses, dissertations, periodicals, and books, among other sources.

**Sampling Size**

Sampling size calculator was applied to determine the sample size of the research study;

S . N o	Name of the Town Panchayat	No. of Questionnaire Issued	No. of Questionnaire Received
1	Kottucherry	30	20
2	Nedungadu	30	20
3	Neravy	30	20
4	Thirunallar	30	20
5	Tirumalairayan pattinam	30	20
6	Chengalpattu District (S)	30	20
7	Chengalpattu District (N)	30	20
Grand Total		210	140

**Source:** Primary Data

- Population Size : 142,247
- Confidence level : 95%
- Confidence Interval: 4.36
- Sampling Size : 140

**Statistical Tools for Analysis**

The researcher employed advanced and relevant statistical procedures to examine the data, including descriptive statistics for percentage analysis, trend percentages, the Chi-square test, multiple regression analysis, and factor analysis.

**Pilot Study**

A pilot research was conducted prior to data collecting. The pilot study has a sample size

of 50 respondents from the study area. Interview schedules were updated and redesigned based on the respondents' responses, taking into account the study's needs and relevance.

**Study Area**

The research region is the Chengalpattu District of Tamil Nadu. It is referred to as the 'universe' for the purposes of data collecting and analysis.

**SCOPE OF RESEARCH WORK**

The current research is a fact-finding mission aimed at determining the performance and impact of financial literacy among youth in Chengalpattu District, the subject region. This study focuses on financial literacy among Chengalpattu District youth and beneficiaries. The operational performance of financial literacy among youth in Chengalpattu District, as well as its impact on knowledge development is analysed using interview schedules disseminated to collect data. This study focused on youth perceptions of financial literacy and did not take into account government institution characteristics. Financial literacy focuses on the capacity to handle personal finance successfully, which needs expertise of making proper personal finance choices, such as savings, insurance, real estate, college payments, budgeting, retirement and tax planning.

**Limitations of the Study**

The study solely includes the Chengalpattu District. For this study, a sample size of 140 degree students was chosen using both probabilistic and non-probabilistic approaches. The study's scope is limited because it cannot include all colleges in Chengalpattu District. However, this constraint has no substantial impact on the study's validity, purpose, or findings because the sample size is enough and the students who enroll in the institutions come from all across the District.

**TABLE NUMBER – 1.1  
DEMOGRAPHIC PROFILE OF THE RESPONDENTS**

Demographic Profile (N = 140)	Description	Frequency	Percentage
Gender	Male	94	67.15
	Female	46	32.85
Marital Status	Single	84	60.00
	Married	56	40.00
Nature of Family	Nuclear Family	45	32.14
	Joint Family	95	67.85
Place of Living	Urban	92	65.71
	Semi-Urban	38	27.14

	Rural	11	07.85
Age of the Respondents	17-21	13	9.28
	22-24	39	27.85
	25-28	88	62.85
Educational Qualification	Under Graduate	94	67.14
	Post Graduate	47	33.57
Nature of Education	Arts/Humanities	15	10.02
	Science	9	06.42
	Engineering	65	46.42
	Management	52	37.14
Type of Educational Institution	Self-Financing/Private	86	61.42
	Government/Govt. Aided	54	38.58
Descriptive Statistics (Age)			
Mean	Std. Deviation	Minimum	Maximum
23.427	2.163	25	42

Table Number 1.1 shows that the majority of respondents are male (67.15%), single (60%), joint family (67.85%), urban (65.71%), 25-28 years old (62.85%), undergrads (67.14%), engineers (46.42%), and self-financing/private (66.12%). According to descriptive statistics, the employees who participated in the evaluation varied in age from 21 to 28 years old, with a mean of 23.427 and a standard deviation of 2.163.

**What is Financial Literacy?**

Financial literacy is the knowledge and comprehension of numerous financial ideas, tools, and practices that individuals require in order to make educated and productive decisions about their personal finances. It covers a wide range of financial management subjects, such as budgeting, saving, investing, borrowing, and retirement planning. Financial literacy is required for individuals to understand the complex world of money and make healthy financial decisions that are consistent with their goals and values.

**Table Number 1.2**

**KMO and Bartlett's Test of Financial Knowledge about young Population**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		<b>0.833</b>
Bartlett's Test of Sphericity	Approx. Chi-Square	742.029
	Df	46

	P value	0.000
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**Table Number – 1.3**  
**Descriptive Statistics of Financial Knowledge about young Population**

Variables Relating to Financial Knowledge	MS A	Communalities
Updating knowledge	0.842	0.661
Technology based	0.680	0.707
Financial Awareness	0.757	0.420
Financial Experience	0.830	0.447
Financial Capability	0.882	0.401
Adequate financial facilities	0.862	0.592
Importance of Finance	0.866	0.566
Financial decision	0.866	0.554
Repaying debt	0.882	0.671
Government tax	0.876	0.557

**Table Number –1.4**

**Regression Analysis of (Financial Knowledge)**

Dependent Variable	Significant Predictors	Mean (SD)	F-Value	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	β (t-Value)	Si g.
Awareness Factor		33.108 (5.304)	30.199	0.411	0.619	0.163	-	
	Behavior Factor	33.674 (4.434)					0.242 (4.621)	<b>0.000*</b>
	Attitude Factor	21.075 (3.045)					0.212 (2.387)	<b>0.017</b>
	Risk Factor	8.190					0.169	<b>0.000</b>

	or	(1. 41 3)		(3. 67 9)	0*
P Value of >0.05* - (PSF, SF and KF all Factor significantly influencing the PF)					
Notes: *Significant @ 5% Level.					

Table Number 1.4 above shows R = 0.411, R Square = 0.619, and R Square Adjusted = 0.163. This implies that the independent factors, AF, BF, AF, and RF, influence the dependent variable, the Awareness Factor of Young Students towards Financial Knowledge. F = 30.199 and P = 0.000 are statistically significant at the 5% level, as seen in the table above. As a result, when it comes to financial understanding, young kids have Awareness Factor (AF), Behaviour Factor (BF), Attitude Factor (AF), and Risk Factor (RF).

**CONCLUSION**

Financial literacy will help you make better decisions and reduce financial stress and anxiety. So, your stress-free future is dependent on the financial decisions you make today; to do so, everyone of us must recognise the value of financial literacy. Financial literacy enables kids to save and invest in the appropriate schemes. As a result, it avoids debt, bankruptcy, and being broke. As a result, it is becoming increasingly important for pupils to comprehend basic financial concepts. Although knowing finance is difficult, if mastered, it may greatly reduce life's worries. Thus, the government and businesses must emphasise financial literacy in order to improve the economy. The National Council of Applied Economic Research (NCAER) conducted this study in 2020: According to the study, only 3% of Indian youths were financially educated, with the majority learning about money management from their parents or peers rather than schools or financial organisations.

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