RESEARCH ARTICLE OPEN ACCESS

A Study on Financial Literacy Among Youth in India

*Naveen S, **R Surendhar
*(MBA Student, Jerusalem College of Engineering, Chennai, Tamil Nadu, India)
**(Assistant Professor, MBA, Jerusalem College of Engineering, Chennai, Tamil Nadu, India)

Abstract:

In today's fast-evolving economic environment, financial literacy has become an essential life skill for young individuals to manage their finances effectively and make informed decisions about saving, investing, and spending. The growing complexity of financial products, coupled with the influence of digital banking and online investment platforms, has made it vital for youth to possess a strong understanding of financial management. This study aims to assess the awareness levels of various financial instruments, understand the role of educational and governmental efforts in shaping financial knowledge, and explore the barriers that prevent young people from achieving financial empowerment in India.

The research adopts a descriptive research design to analyze the behavioral and knowledge aspects related to financial literacy among youth. Using structured data collection and appropriate analytical tools, the study reveals that although young individuals demonstrate a fair understanding of basic financial products, their awareness of advanced investment options remains limited. However, institutions and policy frameworks play a crucial role in enhancing financial confidence and accessibility among the younger population.

The findings suggest that youth require more practical exposure and structured guidance to strengthen their financial decision-making capabilities. The study highlights the importance of integrating financial education into academic curricula and community initiatives. The implications of this research emphasize the need for sustained awareness programs and digital literacy campaigns. Overall, the research contributes to building a more financially conscious generation equipped to navigate the complexities of a dynamic economy.

Keywords: Financial Literacy, Youth Awareness, Financial Education, Economic Empowerment, Investment Behavior, Digital Finance, Financial Inclusion.

Introduction:

In the modern economic landscape, financial literacy has emerged as a fundamental life skill that determines how effectively individuals manage their resources, savings, and investments. With the rise of digital banking, mobile payment systems, and online investment platforms, financial decision-making has become more complex than ever before. For young people, especially those entering the workforce or pursuing higher education, understanding the nuances of financial management is essential for building a secure and stable future.

India, being one of the world's fastest-growing economies, holds a significant youth population that drives its financial and social development. However, despite technological progress and wider access to financial services, a considerable section of the youth still lacks awareness about key financial concepts such as budgeting, insurance, investment diversification, and risk management. This knowledge gap often leads to poor financial decisions, limited savings, and vulnerability to debt traps, highlighting the urgent need for enhanced financial education among the younger generation.

Educational institutions and government initiatives play a crucial role in shaping financial awareness. Several schemes and programs have been introduced to promote financial literacy, yet their impact varies depending on accessibility, regional differences, and individual motivation. Many young individuals are introduced to financial knowledge only after facing real-life financial responsibilities, which points to a reactive rather than proactive approach in the system. Integrating financial education at earlier stages of learning can empower students to make informed and confident decisions regarding their finances.

Another aspect influencing financial literacy is the rapid digital transformation in the financial sector. With the introduction of fintech applications, online banking, and digital investment tools, youth today have greater

exposure to financial products than ever before. However, this convenience also brings challenges such as lack of proper guidance, misinformation, and risk of overdependence on digital tools without understanding the underlying financial principles. Hence, while digitalization enhances access, it also demands critical thinking and financial awareness.
Overall, understanding the level of financial literacy among youth is vital for ensuring a financially secure and self-reliant future generation. A well-informed youth population contributes not only to personal financial stability but also to the nation's economic development. Through the exploration of awareness levels, institutional efforts, and existing barriers, this study seeks to provide valuable insights into strengthening financial knowledge and encouraging responsible financial behavior among young individuals in India.

NEED OF THE STUDY:

Financial literacy is an essential life skill that enables individuals to make informed and effective decisions regarding the use and management of money. In a rapidly developing economy like India, where the youth form a major part of the population, understanding financial concepts such as budgeting, saving, investment, insurance, and credit management becomes crucial.
Despite increasing access to digital banking and investment platforms, a large section of Indian youth still lacks adequate financial awareness, leading to poor financial planning and impulsive spending habits. This gap highlights the urgent need to assess their level of financial literacy and identify areas requiring improvement.
The study aims to understand the current financial knowledge, attitude, and behavior of young individuals in India. It also seeks to promote financial education as a vital component of academic and social development, enabling the youth to achieve financial independence and contribute effectively to the nation's economic growth.

OBJECTIVES:

1.To examine the awareness of financial products such as savings accounts, mutual funds, insurance, and stock markets among youth.
2.To analyze the role of educational institutions and government initiatives in promoting financial literacy.
3.To identify challenges and barriers faced by youth in accessing financial knowledge.

REVIEW OF LITERATURE:

1. RBI & NCFE Survey (2023) The Reserve Bank of India and National Centre for Financial Education (NCFE) conducted a nationwide survey covering over 40,000 respondents, employing descriptive and statistical analysis to evaluate India's financial awareness; the study revealed considerable gaps in understanding savings, insurance, and investment products, creating a substantial impact on national policy framing and educational initiatives, and it found that younger individuals displayed lower financial literacy levels, as reported in the RBI Financial Literacy and Inclusion Report (2023).

2. Sharma Gupta (2022) The researcher gathered 250 responses using a correlational and regression analysis approach to explore youth attitudes toward financial management; the results indicated a strong association between educational exposure and financial knowledge, showing a positive impact on responsible spending and saving habits, and the author concluded that structured financial education significantly enhances decision-making skills, with the study published in the International Journal of Management and Commerce Innovations (2022).

3. Medha Karmwar (2022) This study surveyed 300 young participants and used ANOVA and chi-square tests to analyze the influence of awareness programs on financial behavior; it revealed that institutional training improves comprehension of financial instruments, exerting a meaningful impact on promoting financial responsibility among students, and found that those exposed to workshops and campaigns showed higher financial confidence, as featured in the Journal of Behavioral Economics and Finance (2022).

4. Mamta Rani and Manoj Siwach (2023) The authors collected 200 samples and applied percentage analysis and factor analysis to assess the determinants of financial literacy among urban and rural youth; their research showed notable variations in financial understanding between demographic groups, having an impact on designing inclusive educational models, and found that rural participants require more targeted awareness programs, with the findings published in the Indian Journal of Economics and Business (2023).

METHODOLOGY:

The present study employs a Descriptive Research Design, which enables a clear understanding of the level of financial literacy among the youth in India. This design focuses on describing the awareness, perception, and behavioral patterns of young individuals regarding financial products and services, including savings, insurance, mutual funds, and investments. It aims to provide a factual and systematic representation of their financial understanding and practices.

The study comprises a sample size of 70 respondents, selected using the Convenience Sampling Technique. This method was chosen for its ease of accessibility and ability to gather relevant information from individuals within the target group. The collected data reflects the financial awareness and decision-making behavior of young people belonging to various educational and occupational backgrounds.

The study utilizes both primary and secondary data.

The primary data was collected directly from respondents through structured questionnaires designed to capture their level of financial knowledge, attitudes, and practices.

The secondary data was sourced from reliable publications, previous research papers, journals, and official reports from organizations such as the Reserve Bank of India and the National Centre for Financial Education (NCFE), which provided supportive background and comparative insights for analysis.

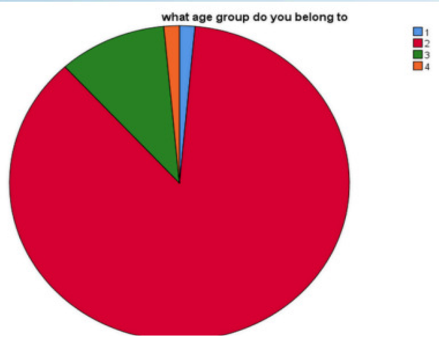
The tools used in this research, including statistical and descriptive analysis methods, help in identifying patterns of awareness, understanding, and participation in financial activities among the youth. These analytical techniques assist in determining the influence of education and government initiatives on financial knowledge and behavior.

Ultimately, this study aims to fulfil the objective of assessing the existing level of financial literacy, understanding the barriers faced by young individuals in accessing financial knowledge, and suggesting measures to enhance their financial competence and decision-making ability in the long run.

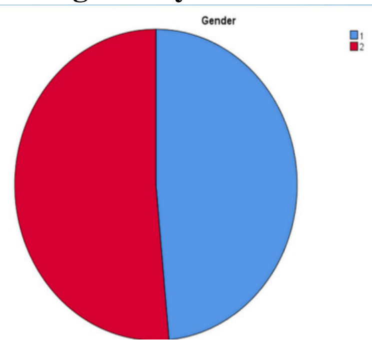
Data Analysis

Percentage Analysis: Percentage analysis is used to understand how responses are distributed across different demographic and financial literacy variables. It helps identify the composition of the respondents and provides insights into their awareness and understanding of financial concepts.

Percentage Analysis for Age category



Percentage Analysis for Gender category



From the pie chart 1, it is observed that 86.8% of respondents belong to the 18–25 years age group, indicating that most participants are young adults such as students or early-career individuals. This supports the study's focus on assessing financial literacy among youth in India.

From the pie chart 2, the analysis shows a balanced gender participation, with both male and female respondents contributing almost equally to the study. This ensures that the findings reflect perspectives from both genders without any significant bias.

Results And Discussion

Correlation Analysis

Variables Used:

Independent Variable (X): Awareness of Government Financial Schemes
Dependent Variable (Y): Awareness of Government Financial Initiatives

Correlations

		government schemes	government initiatives
government schemes	Pearson Correlation	1	.600**
	Sig. (2-tailed)		.000
	N	68	68
government initiatives	Pearson Correlation	.600**	1
	Sig. (2-tailed)	.000	
	N	68	68

**. Correlation is significant at the 0.01 level (2-tailed).

Null Hypothesis (H_0):

There is no significant relationship between awareness of government financial schemes and awareness of government financial initiatives among youth in India.

Alternative Hypothesis (H_1):

There is a significant relationship between awareness of government financial schemes and awareness of government financial initiatives among youth in India.

Interpretation:

Since the significance value (0.000) is less than 0.05, the null hypothesis (H_0) is rejected. Hence, there is a significant positive relationship between awareness of government financial schemes and awareness of government financial initiatives among youth in India.

CHI-SQUARE

Test Statistics

	gender	financial product
Chi-Square	.059[a]	46.559[b]
df	1	4
Asymp. Sig.	.808	.000

Null Hypothesis (H_0):
There is no significant association between gender and financial product among youth in India.

Alternative Hypothesis (H_1):
There is a significant association between gender and financial product among youth in India.

Interpretation:
Since the significance value (0.000) is less than 0.05, the null hypothesis is rejected. Hence, there is a significant association between gender and financial product among youth in India.

ANALYSIS OF VARIANCE (ANOVA)

ANOVA

saving habit

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.611	4	.153	.185	.945
Within Groups	52.021	63	.826		
Total	52.632	67			

Null Hypothesis (H_0):
There is no significant difference between financial literacy and saving habits among youth in India.

Alternative Hypothesis (H_1):
There is a significant difference between financial literacy and saving habits among youth in India.

Interpretation:
Since the significance value (0.945) is greater than 0.05, the null hypothesis is accepted. Therefore, there is no significant relationship between financial literacy and saving habits among youth in India.

FINDINGS

1.Many respondents are aware of government financial schemes; however, actual participation and utilization remain low.

2.Financial literacy significantly influences saving habits — youth with higher financial knowledge exhibit more disciplined and consistent saving behavior.

3.Most respondents depend on digital platforms and social media for financial information rather than formal education or institutional sources.
4.Awareness about insurance, mutual funds, and stock market investments remains comparatively low among young individuals.
5.There is a growing interest in financial independence and early saving, especially among urban youth.

SUGGESTIONS

1.Financial literacy programs should be introduced at both school and college levels to help youth develop financial awareness early.
2.Government and private institutions should collaborate to organize financial awareness campaigns, webinars, and workshops.
3.Financial concepts like budgeting, saving, investing, and insurance should be simplified and taught through real-life examples.
4.Banks and financial service providers can create youth-oriented saving and investment plans to encourage participation.
5.Social media and digital platforms can be leveraged to share reliable financial information in a more engaging format.
6.Parents and teachers should actively promote discussions on money management and responsible financial behavior.

CONCLUSION

1.The study reveals that while youth in India have basic awareness of financial concepts, many lack deeper understanding of investment and risk management.
2.Financial literacy is directly linked to better saving and spending habits, influencing overall financial stability among young individuals.
3.Awareness of government financial schemes and initiatives remains moderate and needs to be enhanced through targeted outreach.
4.Strengthening financial education will empower the younger generation to make informed financial decisions, contributing to economic growth and individual financial security.
Hence, improving financial literacy among youth is essential for building a financially strong and responsible nation.

REFERENCES:

RBI & NCFE Survey (2023) – Financial Literacy and Inclusion in India.
Reserve Bank of India & National Centre for Financial Education (NCFE).
https://ncfe.org.in/wp-content/uploads/2023/12/NCFE-2019_Final_Report.pdf
Sharma, Gupta (2022) – A Study on Financial Literacy and its Impact on Saving and Investment Behavior among Youth in India.
International Journal of Management and Commerce Innovations.
https://ijmci.org.in
Rani, M., & Siwach, M. (2023). Financial Literacy in India: A Review of Literature.
Economic and Regional Studies, 16(3), 446–458.
Link: https://doi.org/10.2478/ers-2023-0029
Karmwar, M. (2022).
Financial Literacy of Young and Teenagers in India.
International Journal for Multidisciplinary Research (IJFMR), Vol. 6(6), pp. 1–8.
Link: https://www.ijfmr.com/papers/2022/6/1257.pdf
Surendher Emrose. (n.d.).
Google Scholar profile. Retrieved from https://scholar.google.com/citations?hl=en&user

