

CHAPTER- 1

INTRODUCTION

- **Introduction**

One of the main aims of education is to make human beings stand on their own feet.

It is rightly said by Swami Vivekananda, *“We want that education by which character is formed, strength of mind is increased, the intellect is expanded and by which one can stand on one’s own feet. The end of all education, all training should be man-making. The end and aim of all training is to make the man grow.”*

If we analyze these words of Swami Vivekananda in terms of economics then we can derive that character formation helps us to do the work with ethics and for welfare of society. Strength of mind facilitates to build a theoretical base and with the expansion of the intellect one becomes rational and can take better decisions that can lead to better utilization of resources with cost effectiveness and make an individual to be self-dependent and self-reliant. Through this an individual grows in terms of not only profit but also wealth. If this happens at the macro level, then economic prosperity of the country increases; but if the productive citizens of a country do not have a proper understanding of acquisition, utilization, mobilization of the resources then the economic growth and prosperity cannot be attained.

For the effective process of economic growth and prosperity, saving must be done by productive citizens through proper means like banking, insurance and stock market etc that will lead to increase in investment in public sector as well as private sector, which in turn will increase capital formation. But for that the productive citizens must possess the knowledge of some necessary concepts related to finance. That may be saving money in a bank or investing in the stock market or other financial products.

If we talk in the Indian context, then we can see that a large part of population whether productive citizens or unproductive citizens, favour to invest money in gold (jewellery) where there is no return on investment or to keep their money in the lockers of their house. This scenario is seen in India because most of the citizens are not aware about the benefits that they will receive by investing their money in different financial products instead of keeping with them in the form of zero interest. So, to make the citizens of India

aware of becoming productive citizens who contribute to the economic development of the country understanding basic financial concepts becomes necessary, which in turn, will enrich their understanding and application in the field of savings and investments.

1.2 Statement of the Problem

A Study of Financial Literacy Among the Teaching Staff at the Sardar Patel University

1.3 Operationalisation of Terms

The following two terms have been operationalised for the present study.

- Financial Literacy
- Teaching Staff

Financial Literacy

Financial literacy refers to awareness, knowledge, understanding and behaviour of people about financial products (banking, insurance, shares and mutual funds), financial market, budget and economic policy and their application to financial matters in day to day life.

Teaching Staff

For the present study all the teaching staff that include Associate Professors, Assistant Professors, Lecturers, Ad hoc Teachers working in the Departments/ Colleges / Institutes of different disciplines or streams – science, commerce, arts, education, physical education, law, and social work affiliated to the Sardar Patel University have been considered.

1.4 Objectives of the Study

The research was undertaken with the following objectives in focus.

- To study the financial literacy among the teaching staff of the Sardar Patel University
- To compare the financial literacy among the teaching staff of different disciplines
- To study the saving habits among the teaching staff of the Sardar Patel University
- To study the investment habits among the teaching staff of the Sardar Patel University

- To compare the financial literacy among male and female teaching staff of the Sardar Patel University

• **Research Questions**

The present research study attempted to address the following research questions.

- What is financial literacy?
- What is the level of financial literacy among the teaching staff of the Sardar Patel University?
- How do the teachers of different disciplines differ in terms of financial literacy?
- How do the male and female teachers differ in terms of financial literacy?
- What are the saving habits of the teaching staff at the Sardar Patel University?
- What are the investment habits of the teaching staff at the Sardar Patel University?

1.6 Rationale of the Study

Financial literacy is considered as an important medium for enhancing people's knowledge about basic finance concepts which leads to better savings, investment, capital formation which in turn leads to economic growth and development. At this juncture, the need for financial literacy is getting greater because of the low level of literacy and a large section of society remains out of the formal financial set-up. One other major reason is that in India a large part of the savings is locked in gold, real estate, and bank fixed deposits. So it creates challenge of converting savings into financial investments. Moreover, the range and complexity of financial products provided by stock market, mutual funds, banks and insurance companies are increasing day by day but due to lack of proper awareness and knowledge of this variety of financial products, people often become victims of frauds, misrepresentation and mis-selling either by the company itself or by its agents.

Several studies conducted in this respect have indicated that the level of financial literacy in India is poor. For instance, the VISA (2012) study ranks India at the 23rd position among the 28th countries surveyed in the world. Their study found that children and

young have significantly lower levels of financial literacy compared to adults. Another study reveals that nearly 98% of Indian citizens still do not have a demat account. “The country where 48% of the population still lives on day to day earning cannot dream of savings and life insurance” [Dean Roy Nash]. However, these inequalities could be overcome if more and more financial awareness, knowledge and understanding increase among people. Financial literacy is important for different age groups. Now, even NCERT is thinking to add financial literacy as a subject in school curriculum so that the students are aware about of different means of savings in addition to bank savings so that in future they are able to save, to invest and form capital by saving and investing their money in a wide variety of financial products. But for making students financially literate it becomes necessary to see the financial literacy among teachers at school levels and college, irrespective of any discipline. If teachers are financially literate then they can train the future productive citizens practically in this new endeavor. On the basis of surveys of financial literacy we can develop the programme for teachers to foster their financial literacy. India is a developing country and increase in the awareness of financial products and increase in the level of financial literacy among the citizens will further enhance the development of the country. The Reserve Bank of India is working actively in this direction of increasing financial literacy. It has undertaken a project called ‘Project Financial Literacy’. Various NGO’s in the country are also entrusted with the task of spreading financial literacy in the country. If teachers are paved with financial literacy then the future of the nation will prosper with respect to economy.

1.7 Scheme of Chapterisation

The dissertation has been divided into six chapters. The scheme of chapterisation is as follows.

Chapter – 1 Introduction

The present chapter begins with an introductory note and states the problem of the study with the operationalisation of key terms. It also states the objectives of the study undertaken, research questions and rationale of the study as perceived by the researcher.

Chapter – 2 Conceptual Framework

This chapter focuses on the conceptual framework or theoretical background of the study undertaken.

Chapter – 3 Review of Related Literature

The chapter begins by stating the objectives with which the review of related literature is done and then presents the different studies reviewed for the present work.

Chapter – 4 Methodology of Investigation

The chapter focuses on the methodology adopted in the present study. It describes in detail the research design selected for the present study, the tools used and the procedure adopted for data collection as well as data analysis.

Chapter – 5 Data Analysis, Interpretation and Discussion

In this chapter the collected data has been analyzed and presented in a tabular form. Interpretations based on the findings have been presented and discussed in the light of the objectives of the present study.

Chapter – 6 Major Findings, Suggestions and Implications

The last chapter of the dissertation deals with the conclusions drawn from the present study. It also presents some suggestions for the future studies that can be undertaken in the field. The chapter ends with a reflective note by the researcher on the research undertaken.