FINANCIAL LITERACY AMONG WORKING YOUNG IN RURAL INDIA

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ABSTRACT

BACKGROUND

The paper study that how the different socio- demographic factors affect the financial literacy among the working young in rural India. While in the other studies it has been founded that the influence of several factors such as gender, education and income is similar. In India there are few factors like joint-family and consultative decision making process which are found to influence financial literacy largely. The study also explores the relationship between the different dimensions of financial literacy. This study provide a realistic understanding of financial literacy across countries and also an analytical basis for enunciating policy for enhancing financial literacy of youth in India.

KEYWORDS

Financial Knowledge, Financial Literacy, Financial Behavior, Financial Attitude, Youth, India.

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BACKGROUND

Due to the change in Social Support structure across the world in recent past, the role of governments and employers in managing investments on behalf of individuals has been minimized; which in turn increased the responsibility of individuals in managing their own finances and securing their financial future. In this environment, where the financial products are becoming more and more complex day by day, it is imperative that individuals develop nuanced understanding of the world of finance to be able to make choices that are most appropriate to their financial goals and needs.

According to the various research from around the world there is inadequate financial literacy due to which serious concerns has been raised regarding the ability of individuals to secure their financial well-being. According to one research (Mitchell 2011, Poterba et al. 2007). It has been founded that individuals are under-save and fail to invest wisely and are often indebted. Such behavior is also evident among youth, across nations. For instance, according to the report of Reed and Cochrane (reporting on student indebtedness in the US for the last several years), in their latest report observe that about two-thirds of 2011 graduated students were heavily indebted due to education loans and credit card borrowings (Reed and Cochrane 2012). Due to the on-going economic downturn the rate of unemployment is very high which result in high delinquency rate among these young borrowers.

The findings of poor financial literacy and financial outcomes have prompted a serious review of current financial education programs and launch of new programs. Deposing before a congressional hearing committee in April 2011, According to Ben Bernanke continual updation of financial literacy is very much require across all age groups because the nature of financial products is dynamic. (Bernanke 2011).

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He observed that exposer of young people regarding financial concepts is particularly important as they are vulnerable to the temptations of taking excessive debt. He highlighted the Federal Reserve Board make the efforts to enhance financial literacy of individuals. This is Identifying that financial literacy programs is needed inside and outside the schools and providing guidance and support to targeted groups who are most at risk, Australian Securities and Investment Commission is reviewing the National Financial Literacy Strategy framed in 20111 for setting the agenda for future (ASIC 2013). In 2008 A national strategy for financial literacy has been launched by New Zealand and constituted an advisory committee that is supposed to update on the action plans on a half-yearly basis2. The objective of that strategy is to integrate the initiatives such as the New Zealand Financial Literacy Program which has been developed by Enterprise New Zealand Trust for improving financial decision making ability of youth. In U.K, Financial Services Authority of UK make effort to improve financial literacy. It is a joint action of financial industry and consumer activists for improving the level of financial literacy in UK (FSA 2006).

In India the country's central banker, the Reserve Bank of India make effort to enhance financial literacy over the last decade. In July 2012 RBI prepared and released a draft national strategy for financial education (RBI 2012). The strategy includes observations regarding the role of the banks and also the necessity for financial education in schools.

Financial literacy is of actual significance to emerging economies. As these economies attempt to improve the financial situation of their citizens by achieving higher economic growth rates, the financial well-being of people would be improved by the enhancement of financial literacy even further through sound financial decision making.

For comparing the situation of the working young in rural India with the situation of similar groups in several other countries, this is possibly first study that has rigorously attempted to unravel the determinants of financial literacy in the context of India. According to a study of Indian young nation more than 65%3 of its population below the age of 35 and which is rapidly urbanizing. The study try to find out the socio-demographic variables which influence the financial attitude, financial behavior and financial knowledge of rural working young in India.

The study investigates the unique contextual variables that influence financial literacy as well as provides useful insights for making the policy. The study also uses new methodology that is free from the influence of the attributes of the respondents, to examines the relationship between the three dimensions of financial literacy. That gives surprising and instructive result.

The paper is organized according to the following sections-

1. Section 1 introduction.
2. Section 2 delivers a short review of relevant literature related to financial literacy.
3. Section 3 define the sample size and sample descriptives.
4. Section 4 deliver the methodology which is used to measure the effects of all the socio-demographic variables on financial knowledge, financial behavior and financial attitude.
5. Section 5 gives the results based on regression model
6. Section 6 gives conclusion.

Literature Review

While there are so many definitions of financial literacy several, according to all of them financial literacy is the ability of individuals to obtain, understand and evaluate information which is required to make financial decisions related to secure their future in a best possible manner. After the analysis of a host of papers on financial inclusion, Huston (2010) says that application of financial knowledge must also be included in financial literacy; the argument being that in the absence of demonstrated ability related to the application of financial knowledge, an individual cannot be viewed as financially literate.

After the analysis of different views and the possibility of using the definition for research, the definition given by OCED of financial literacy was adopted for the study, which describes financial literacy as, "A combination of awareness, knowledge, skill, attitude and behavior necessary to make sound financial decisions and ultimately achieve individual financial wellbeing." (OECD INFE, 2011). Since across several countries, for surveys, the OECD definition on financial literacy has been used, that provides the possibility of result benchmarking in the Indian context against the results for other countries.

In all over the world research has focused attention on extent documentation of financial

literacy among various categories of people and also attempted to identify the socio-demographic variables that seems to have influence on financial literacy so as to be able to develop proper involvements to boost financial literacy. Research has tried to provide logical insights for the shaping of policy. On the basis of evidence from around the world it is very alarming and pervasive deficiency in financial literacy. In many countries the financial literacy programs has led to the launch. While in across the countries this programs vary widely in their scope and approach, the improvement of the financial attitude, the financial behavior and the financial knowledge of individuals are the underlying objectives and to enable them and their families so that they can make choices which can improve their financial well-being. Xu and Zia (2012) the summarization of the findings of various financial literacy studies that has been conducted all around the world.

Implicitly explain financial knowledge as financial literacy, Lusardi et al. (2010)

According to the survey of National Longitudinal of Youth in 2007-08, investigated financial literacy level of the young in the US. The research questions that they required answers are related to preparedness of the young to make sound financial decisions, Determinants of financial literacy of the young and policy initiatives that are needed to Increase financial literacy of the young. They identified that there is very low level of financial literacy among the young. This inference is consistent with findings throughout the world that despite concerted efforts to improve financial literacy. They found that the socio-demographic attributes and the family financial situation and sophistication significantly influence the level of financial literacy.

Specifically, they found that there is a major difference between men and women, financial literacy level of women is less then man. This definite similar conclusion reported in Lusardi and Mitchell (2008), Lusardi and Tufano (2009), Agnew and Szykman (2005) and studies in some other countries such as those by Smith and Stewart (2009), Lusardi and Mitchell (2007), Van Rooij et al. (2007). This conclusion is in orthodoxy with conclusion reached by Mandell (2008) between school students and by Lusardi and Mitchell (2007), Lusardi and Tufano (2009) between other age groups. The founding of the study is that the financial literacy is positively influenced by education, especially college education. According to that study mother's education also had a majorly positive influence on financial literacy. Financial literacy also positively influenced by the family financial situation and sophistication. This conclusion is in conformity with research of Chiteji and Stafford (1999), Li (2011). The policy prescriptions arising from the study are quite obvious.

So many studies have tried to study the level of financial literacy in India. By the report of most of them the level of financial literacy in India is poor. For instance, According to the study of VISA (2012) India ranked at the 23rd position amongst the 28 surveyed countries. Implementing the questionnaire given by the Organisation for Economic Co-operation and Development (OECD) which is to simplify international benchmarking4, this study attempted to further try to understand about financial literacy in India. As in comparison with some of the other studies, the OECD approach is extra comprehensive as it tries to measure the influence of a range of descriptive variables on the three dimensions of financial literacy as financial attitude, financial behavior and financial knowledge.

The Sample

The focus of this study was on working youth in urban India. For giving the wide socio-economic diversity, from all over the country six major cities was selected to drown the sample. The services of an established market research agency was used to collect the survey in December, 2016. The data was collected on the basis of following attributes sex, level of education, age, marital status, financial decision making process, family income and budgeting of expenditure. There is a distinctive attribute of Indian society that even after turning adult and getting married a male may live (with his spouse and children) with his parents and brothers and their families under the same roof –as a 'joint family'5 this attribute could also have an important influence on the response variables which are financial knowledge, financial behavior and financial attitude, under investigation, so the data regarding the family was a joint family or nuclear family, also collected. Though 1, 000 was the target sample size, after initial analysis of the data, out of which 754 was the usable sample that contain the information based on all the dimensions and variables. The sample is distributed in table 1 across various attributes. On the basis of financial knowledge, financial behavior and financial attitude the respondents answered for giving information related to their attitude.

A set of eight questions were used to judge the level of financial knowledge like simple and compound interest understanding and computation (time value of money), inflation and return relationship, inflation and prices, risk and return, and the risk reduction by diversification. Each correct answer score one. There are three category as those who scored 6 and above were categorized as possessing high financial knowledge; who scored of 4 and 5 were categorized as possessing average financial knowledge; the remaining were categorized as possessing poor financial knowledge. The objective of that survey was to know the financial behavior of the respondents through collecting the information on the way how respondents dealt with money in their regular lives. We implemented the instrument used by the OECD study referred to earlier. To capture the important dimensions, included assessment of affordability of products and expenditures, planning and monitoring of household budget, behavior relating to timely payment of bills, efforts made to evaluate financial products and active saving habits and borrowing propensities, total eight items were employed. One score was given for each response only if the response indicated financial behavior as desirable; otherwise the score was zero.

Respondents scoring were categorized as follows-

Score	Classification
6 and above	Positive financial behavior
4 and 5	Average financial behavior
Less than 4	indifferent financial behavior

It may be argued that the behavior towards savings, borrowings and risk-taking of an individual may be affected by attitude towards money and finance. On this basis of that argument, to measure the financial attitude of individuals the OECD has developed a scale. Based on three items recommended by the OECD, survey measured the financial attitude of the respondents these are the respondent's extent of belief in planning, propensity to consume and propensity to save, a scale from 1-5 was used to measure the response, responded with score 5 were having highest positive financial attitude. Respondents with an average score of 3

or above across the three items were categorized as those with positive financial attitude; respondents with score of 2 or less were categorized as possessing indifferent financial attitude; the rest were categorized as possessing average financial attitude. The detailed distributions for the sample on these three dimensions are presented in Table 2.

The Methodology

How the three response variables namely financial knowledge, financial behavior and financial attitude were influenced by socio-demographic variables was separately analysed through using ordered multinomial logistic regression. Family income, education, marital status, gender, financial decision making process, family composition and financial budgeting were considered as socio-demographic variables.

Due to all the categorical variables, dummy variables were used to describe the each respondent profile. The profile for the base case was: male, unmarried, graduate, who lived on his own, consulted others before taking financial decisions, planned his finances, was member of a family with income of less than INR 20, 000 per month and belonged to the lowest category of the response variable. Since there were tree level to measure the response variables, an assessment of the influence of the socio-demographic variables was provided by the output of the ordered logistic regression on two pairs of comparisons, one including the lowest and the next levels of response and the other including the lowest and highest levels of response. An assessment of the nature of influence of variables on the response variable will be provided by the odds ratios for the variables with statistically significant coefficients. An odds ratio of greater than one would indicate that the variable rises the chance of a required response, and an odds ratio of less than one would indicate the variable declines the chance of a required response.

There may be a relation between the different dimensions of financial literacy. For instance, the financial behavior and attitude both could be influenced by the high financial knowledge. Alternatively less desirable behavior could be leaded by poor financial attitude. To gain insights into how the different dimensions of financial literacy influence each other these relationships need to be examined. through the intermediate variables such as income and education, the literature available has consistently examined such relationships. In addition, financial knowledge by most researchers on the issue has been measured by financial information rather than understanding of concepts in finance.

An entirely new approach has been used by the study for exploring the associations between the three dimensions of financial literacy. After removing the possible influence of respondent specific values of socio-demographic variables the methodology suggested to measures the inter-linkages. On the basis of their scores on Financial Knowledge, Financial Behavior and Financial Attitude, the participants were ranked individually. To explore the nature of relationship between the three dimensions, the Spearman's Rank Correlation Coefficient was then computed for the three distinct pairs of dimensions

It is indeed true that three different aspects of financial literacy as financial knowledge, behavior and attitude are three independent dimensions representing Summation of the scores on the three dimensions to measure an individual's score on financial literacy would be conceptually questionable since two persons with identical scores for financial literacy may be very different from each other in terms of the underlying dimensions. And yet, that is how the OECD study6 has compared the level of financial literacy across several countries. Since the OECD study is one of the most comprehensive comparative studies on financial literacy of several countries, despite reservations about the methodology, this study too used a composite score of financial literacy and compared the same with the scores reported by the OECD for several other countries.

RESULTS AND DISCUSSIONS

Financial Knowledge

The high financial knowledge has been showed by about 24% of the respondents. Which was comparatively a low score in comparison to the OECD survey across the 13 countries. Where high scorer responded were more than half on financial knowledge. (Atkinson and Messy 2012). In the OCED survey, South Africa, had about one-third respondents who were having high financial knowledge and which was a lowest scoring country. Rest of the countries, in the OCED survey, had more than 40% of respondents with high financial knowledge. It has been observed with the help of their performance on different dimensions. That they do not have the knowledge of the basic principles associated to money in everyday life. Approximately one-third of the total respondents were even not able to solve the simple numerical task which involve division. Further, they were not aware of inflation in a very well manner. There were only 19% of respondents who aware of the impact of inflation on the rate of return. Even on the other dimensions of financial knowledge, the scores were relatively low compared to the countries surveyed by the OECD.

The output of detailed analysis of the influence of the explanatory variables using multinomial logistic regression is presented in Table 3. There were three variable namely Family income, gender and living in joint family that showed a statistically significant influence in both the sets of comparisons. Financial knowledge has been significantly positive influenced by family income and increase with rise in family income. There were about 4 and 17odd ratios at the highest level of family income, when there was a comparison between low financial knowledge with average and high financial knowledge respectively.Financial knowledge also has been influenced by gender. Women showing significantly lower levels of financial knowledge in comparison to man. For female the odds ratios were about one-half and one-third when a comparison is done between low financial knowledge with average and high financial knowledge respectively. Financial knowledge has been negatively influenced by the factors living in joint family, with the odds ratios declining to about one-third in both the comparisons. The other variables showed influence at varying levels of statistical significance in one of the two comparisons.

Financial Behavior

Desirable financial behavior is shown by a majority of the respondent, when dealing with personal money and household finance. About 68% of the employed showed positive financial behaviour. On the basis of OCED survey, this was comparable with the Germany, Norway, Ireland, Malaysia and Peru financial behaviour, where about 60% scored high on financial behavior (Atkinson and Messy 2012). The percentage of responded who were found to be strongly persuaded to assess the affordability of items was approx. 90%. On the basis of this measurement, it can be said that there is no difference between the respondents in India and in several other countries surveyed by the OECD. In fact, Indians seemed to be one among the best in their partiality to assess affordability. Similarly, on timeliness of the payment of bills respondents from India had scores that were similar to the scores of respondents from other countries in the OECD survey. The habit of financial goal setting of the respondents too was also at par in comparison to several other countries according to the OECD survey. About 66% of the respondents are those who avoid borrowing during the periods of financial difficulty because for that time they depend on their savings or assets. Near about all the respondents had saved some money during the period of past 12 months and the financial product had been evaluated by around 87% of the respondents. That high scores of the respondents represent that in India the young employed, in their dealing of money and household finance, are rationally self-disciplined. The reason of this high level of financial-discipline of Indian respondents could be the relatively low level of per capita income and the absence of general social support systems.

Table 4 represent the output of detailed analysis of the influence of the explanatory variables using multinomial logistic regression. The four variable as Gender, education, absence of financial planning and family income showed statistically important influence in both the sets of comparisons. Financial behavior influenced by Gender of respondent also, as in comparison to man women showing significantly lower financial behavior. About two-fifth and one-sixth were the odd ratio when a comparison is done between indifferent financial behavior average financial behavior and good financial behavior respectively. A negative influence on desirable financial behavior showed by Absence of college education as well as absence of budgeting. For both the comparisons the odds ratio for indifferent education level (higher secondary and equivalent) were about one-fourth. If a comparison is done between indifferent financial behavior, average financial behavior and good financial behavior respectively the odds ratios for absence of budgeting were about one-fourth and one-seventh positively. The desirable financial behavior has also been influenced by a rise in family income from the lowest to the middle level.

Financial Attitude

Approximately half of the respondents showed a positive attitude to financial planning and did not express a very high inclination for consumption. This can be compare with the observed levels in OECD survey in Estonia and United Kingdom (Atkinson and Messy 2012).However in comparison to many other country in the Eurozone like Czechoslovakia, Hungary and Albania, which are less developed the scores were much lesser. Table 5 represent the output of detailed analysis of the impact of the explanatory variables by the use of multinomial logistic regression. There are three variable namely - Gender, family income and decision making by self that showed statistically significant impact in both the sets of comparisons. In comparison to man women showed significantly superior financial attitude. When a comparison is done of indifferent financial attitudes with average and positive financial attitude, the odds ratios were around 2 and 4 respectively.

Financial Knowledge, Behavior and Attitude: Inter-linkages Table 6 represent the Spearman's rank correlation coefficients for the three pairs of dimensions of financial literacy. It showed a positive and highly significant correlation between financial knowledge and financial behavior. This explain that satisfactory financial knowledge would generate responsible financial behavior. The correlation between financial knowledge and financial attitude was zero which indicate that empirically financial knowledge and financial attitude are two independent dimensions. If there is a significant negative correlation between financial behavior and attitude then it defied easy explanation.

Financial Literacy

India versus Other Countries. The scores in the three important dimensions as- financial knowledge, behaviour and attitude was added to know the financial literacy score for each respondent. 21 was the maximum possible score for financial literacy (8 for financial behavior, 8 for financial knowledge, and 5 for financial attitude). 13.8, was the average score for the sample inside the range of 12.4 to 15.1 as according to the report of OECD which has been done for 13 countries. In comparison to some county including South Africa, Armenia, Poland, Estonia, and Albania India is well ahead.

Family Type

Nuclear Family- 580 4.34 6.16 2.97

Joint Family- 174 3.73 5.82 2.73

Variable	Number	Average Score		
		Financial Knowledge	**Financial Behavior**	**Financial Attitude**
Sample size	754			
Monthly Family Income in INR*				
Up to 20, 000	237	3.51	5.87	2.45
20, 000 to 50, 000	395	4.37	6.2	2.95
Above 50, 000	122	4.99	6.1	3.69
Educational Level				
Post-Graduate	140	4.47	6.18	2.74
Graduate	541	4.2	6.13	2.99
HSC/Technical, Vocational Education	73	3.64	5.55	2.72
Marital Status				
Married	202	4.38	6.34	3.28
Single	552	4.13	5.99	2.78
Gender				
Male	578	4.28	6.23	2.68
Female	176	3.93	5.59	3.67
Financial Decision Making				
Self	246	3.95	5.89	2.56
In consultation with others	508	4.32	6.17	3.08
Family Type				
Nuclear family	580	4.34	6.16	2.97
Joint Family	174	3.73	5.82	2.73
Family Financial Planning (Budget)				
Yes	637	4.28	6.28	2.9
No	117	3.75	5.01	2.98

Table 1. Distribution of Sample on Socio-demographic Variable

Response Variable Number

Financial Knowledge	
High Financial Knowledge	23.3%
Average Financial Knowledge	41.4%
Low Financial Knowledge	32.3%
Financial Behavior	
Good Financial Behavior	67.2%
Average Financial Behavior	24.1%
Indifferent Financial Behavior	5.7%
Financial Attitude	
Positive Financial Attitude	43.0%
Average Financial Attitude	21.7%
Indifferent Financial Attitude	32.3%

Table 2. Distribution of Sample on Response Variables

Total Number of Respondents- 754

The table represent the estimated coefficients from the ordered multinomial logistic regression where dependent variable was financial knowledge and independent variable was various socio-demographic variables. The model is presented in Section 4. The sample size was 754. ***, ** and * denote significance at 1%, 5% and 10% levels respectively.

Variable	DF	Estimate	Odds Ratio
Average Financial Knowledge versus Low Financial Knowledge			
Intercept	1	0.2313	1
Family Income (>50, 000)	1	1.3988***	4.053
Family Income (20, 000-50, 000)	1	0.3860*	1.4711
Education (Post-Graduate)	1	0.5179**	1.6785
Education (HSC & Equivalent)	1	-0.3855	
Married	1	0.4809**	1.6175
Female	1	-0.6234***	0.5361
Decision Making (Self)	1	0.0519	
Joint Family	1	-1.0832***	0.3385
No Family Budget	1	-0.6794***	0.5609

High Financial Knowledge versus Low Financial Knowledge			
Intercept	1	-0.9134***	0.4011
Family Income (>50, 000)	1	2.8258***	16.8746
Family Income (20, 000-50, 000)	1	1.5702***	4.8074
Education (Post-Graduate)	1	0.2608	
Education (HSC & Equivalent)	1	-0.5083	
Married	1	0.2312	
Female	1	-1.0249***	0.3588
Decision Making (Self)	1	-0.7804***	0.4582
Joint Family	1	-1.1095***	0.3297
No Family Budget	1	-0.3241	

Table 3. Effect of Socio-demographic Variables on the Financial Knowledge

The table contains the estimated coefficients from the ordered multinomial logistic regression with financial behavior as the dependent variable and various socio-demographic variables as independent variables. The model is described in Section 4. The sample size was 754. ***, ** and * denote significance at 1%, 5% and 10% levels respectively.

Variable	DF	Estimate	Odds Ratio
Average Financial Behaviour versus Indifferent Financial Behaviour			
Intercept	1	1.3807***	3.9778
Family Income (>50, 000)	1	0.6036	
Family Income (20, 000-50, 000)	1	0.6951*	2.0039
Education (Post-Graduate)	1	0.3798	
Education (HSC & Equivalent)	1	-1.3076***	0.2705
Married	1	-0.0023	
Female	1	-0.9576***	0.3838
Decision Making (Self)	1	1.0206***	2.7748
Joint Family	1	0.4745	
No Family Budget	1	-1.2427***	0.2886
Good Financial Behaviour versus Indifferent Financial Behaviour			
Intercept	1	2.9000***	18.1736
Family Income (>50, 000)	1	0.8265	
Family Income (20, 000-50, 000)	1	0.8536**	2.3482
Education (Post-Graduate)	1	0.203	
Education (HSC & Equivalent)	1	-1.3843	0.2505
Married	1	0.495	
Female	1	-1.8036***	0.1647
Decision Making (Self)	1	0.3571	
Joint Family	1	-0.2416	
No Family Budget	1	-1.8745***	0.1534

Table 4. Influence of Socio-demographic Variables on Financial Behavior

The table contains the estimated coefficients from the ordered multinomial logistic regression with financial attitude as the dependent variable and various socio-demographic variables as independent variables. The model is described in Section 4. The sample size was 754. ***, ** and * denote significance at 1%, 5% and 10% levels respectively.

Variable	DF	Estimate	Odds Ratio
Average Financial Attitude versus Indifferent Financial Attitude			
Intercept	1	-0.3311	1
Family Income (>50, 000)	1	-0.3205	
Family Income (20, 000-50, 000)	1	-0.4182*	0.6582
Education (Post-Graduate)	1	-0.5416*	0.5818
Education (HSC & Equivalent)	1	-0.1875	
Married	1	-0.3455	
Female	1	0.6807**	1.9753
Decision Making (Self)	1	0.5987***	1.8197
Joint Family	1	-0.337	
No Family Budget	1	0.4188	
Positive Financial Attitude versus Indifferent Financial Attitude			
Intercept	1	-0.6360***	0.5294
Family Income (>50, 000)	1	2.4778***	11.9155
Family Income (20, 000-50, 000)	1	0.5545**	1.741
Education (Post-Graduate)	1	-0.2194	
Education (HSC & Equivalent)	1	-0.2726	
Married	1	0.6664***	1.9473
Female	1	1.4464***	4.2478
Decision Making (Self)	1	-0.7998***	0.4494
Joint Family	1	-0.6081***	0.5444
No Family Budget	1	0.7590***	2.1362

Table 5. Influence of Socio-demographic Variables on Financial Attitude

The table contains the estimated Spearman's rank correlation coefficients between financial knowledge, financial behavior and financial attitude. ***, ** and * denote significance at 1%, 5% and 10% levels respectively.

	Financial Knowledge	Financial Behavior	Financial Attitude
Financial Knowledge	1.000		
Financial Behavior	0.304***	1.000	
Financial Attitude	-0.019	-0.219***	1.000

Table 6. Spearman's Rank Correlation Coefficient

CONCLUSION

The study shows the importance of related variables that may influence financial literacy. This is to be analysed by this study that individual's attributes affecting to the sociological and the behavioural aspects of the society being studied are important in unravelling the determinants of financial literacy. The impact of the related variables suggests that for improving financial well-being of youngsters in India the focus of any strategy would have to be broader than just the individual.

The relationships between the three dimensions of financial literacy have also been explored by this study by using a methodology that is free from influence of the characteristics of the respondents. While there is an expected relationship between financial knowledge and financial behavior which is positive, but the relationship between financial attitude and financial behavior is surprising which is negative. One probable explanation for the latter result is likely to lie in the concept of locus of control. Youngster tends to behave in a profligate manner despite of having sensible attitude towards managing their finances due to which there is a negative relationship between financial attitude and financial behavior.

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